



Peace Corps Office of Inspector General



Flag of Antigua and Barbuda



Flag of Dominica



Flag of Grenada



PC/Eastern Caribbean Sub-Office on St. Vincent



Flag of St. Kitts and Nevis



Flag of St. Lucia



*Flag of St. Vincent and the
Grenadines*

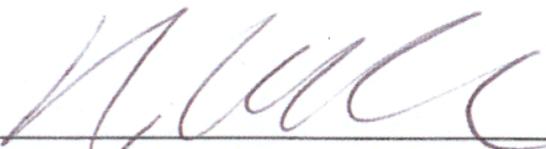
FINAL AUDIT REPORT **Peace Corps/Eastern Caribbean** **December 2007**



FINAL AUDIT REPORT

Peace Corps/Eastern Caribbean

IG-08-03-A


H. David Kotz, Inspector General

December 2007

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EXECUTIVE SUMMARY

OUR MISSION

“TO PROMOTE AND PRESERVE THE EFFECTIVENESS, INTEGRITY, AND EFFICIENCY OF THE PEACE CORPS”

The Office of Inspector General conducts regular audits of Peace Corps operations at the agency’s headquarters, regional recruitment offices, and overseas posts.

We found that Peace Corps/Eastern Caribbean’s financial and administrative operations were not functioning effectively. We identified several areas that need extensive improvement. Some of the more important findings that we identified are summarized below.

Imprest fund

- The imprest fund was not properly safeguarded.
- There were unauthorized imprest fund activities.
- There were weak imprest fund and sub-cashier controls.
- An alternate cashier and four sub-cashiers were not authorized to perform cashiering duties.
- Imprest fund shortages were not reported to the Office of Inspector General (OIG).

Records Management

- The post’s financial and administrative files were not consistently maintained.

Billings and Collections

- Bills of collection were not reviewed when staff or Volunteers departed the post.
- The billing officer was not completing all bills of collection.

Host Country Agreements

- The post issued bills of collection for host country contributions without documenting the basis for their billings.
- Host country contribution expenditures did not follow Peace Corps requirements.

Grant Funding

- Small Project Assistance (SPA) grant expenditures were not monitored.

Property Management

- Property records were inaccurate.



Procurement

- Contract procedures were deficient.
- Personal services contract information was deficient.

Information Technology Security

- Virus protection may not be adequate.
- Backups were not occurring successfully.
- Internet connections were poorly maintained.
- The IT specialist was not always available to correct computer and internet problems.

INTRODUCTION

GENERAL

The Office of Inspector General conducted an audit of Peace Corps/Eastern Caribbean. On-site field work was conducted February 11 - March 2, 2007. We previously performed an audit of the post and issued a report in fiscal year 2000 (IG-00-1-1).

BACKGROUND

The Peace Corps began its program in Eastern Caribbean in 1961. At the time of our visit, approximately 122 Volunteers were serving in six island states: St. Lucia, St. Vincent and the Grenadines, St. Kitts and Nevis, Grenada, Dominica, and Antigua. Volunteers were working in the following sectors: Community Development, Small Business, Information and Communication Technology, Health Education, and Special Education.

Peace Corps' main administrative activities were centralized in St. Lucia. In addition, each country, including St. Lucia, operated a sub-office managed by an Associate Peace Corps Director (APCD). PC/Eastern Caribbean employed 32 staff at the time of our visit.

All six island countries belong to the nine member Organization of Eastern Caribbean States (OECS), which shares the common currency of the Eastern Caribbean dollar. The U.S. Embassy is located on the nearby island of Barbados, which is not part of the OECS.

OBJECTIVE

Our overall objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and in compliance with Peace Corps policies and federal laws and regulations. Appendix A provides a description of our audit objective, scope, and methodology.

AUDIT RESULTS

Peace Corps/Eastern Caribbean's financial and administrative operations were not operating effectively. The post's compliance with Peace Corps policies and federal regulations required extensive improvements. Specifically, we found that the post did not:

Imprest fund

- Provide a secure space for the cashier's cage.
- Limit access to the cashier's cage.
- Maintain all imprest funds in locked cash boxes in safes.
- Follow guidelines for handling cash.
- Obtain approval to perform accommodation exchanges.
- Report U.S. dollar (USD) currency that the cashiers held.
- Limit the amounts held by sub-cashiers.
- Perform verifications of alternate and sub-cashier funds.
- Request designations for sub-cashiers and an alternate cashier.
- Use recommended Peace Corps cashier forms.
- Clear all interim advances promptly.
- Follow guidelines for interim advance distributions.
- Maintain accounting of sub-cashier transactions.
- Set cashier hours.
- Maintain copies of cash verifications.
- Report losses in excess of \$10 to the OIG.

Filing System

- Consistently maintain orderly administrative and financial files.

Volunteer Allowances

- Conduct settling-in allowance surveys after each swearing-in.
- Obtain a memorandum of agreement with the bank handling Volunteer allowances.

Billings and Collections

- Review outstanding bills of collection prior to Volunteers or staff leaving post.
- Use the billing officer to complete all bills of collection.

Host Country Agreements

- Have documentation for a basis for the Host Country Contribution bills of collection.
- Follow Peace Corps requirements for Host Country Contribution expenditures.
- Have documentation that they sought advice from the Office of General Counsel for their interpretation of Host Country Agreements.

Grant Funding

- Monitor Small Projects Assistance (SPA).

Communications

- Have a policy for non-official use of post's telephone collections.

Safekeeping of Volunteer/Trainee Property

- Provide Trainees with receipts for their property held for safekeeping.
- Have a policy for Volunteer/Trainee property held for safekeeping.

Property Management

- Segregate key duties and responsibilities of property management.
- Maintain adequate property and equipment records.

Vehicle Management

- Review vehicle logs weekly.
- Provide adequate safety supplies in vehicles.

Travel Management

- Require staff to complete their own travel voucher.

Procurement

- Follow contract competition procedures.
- Use proper contract agreement forms.
- Use complete descriptions for all leases.
- Obtain signatures on all lease contracts.
- Obtain security clearances for all staff.
- Obtain signed intelligence background information certifications for staff.
- File all annual performance evaluations in staff files.
- Obtain signed contractor release forms from personal services contractors.
- Obtain approval from the approving official before the purchase cards were used.

Personnel

- Require personnel to maintain time cards on a daily basis.

Information Technology Security

- Complete daily virus scans.
- Use current virus definitions on sub-office computers.
- Successfully backup the computer system on a daily basis.
- Immediately deactivate user accounts when staff members leave Peace Corps.
- Provide support to the sub-offices in a timely manner.

IMPREST FUND

IMPREST FUND SECURITY

The cashier's cage did not provide a secure space for routine cashier operations.

PCM section 760.4.3.1 states that the country director is responsible for arranging the safeguarding of the imprest fund by providing "a protected area, preferably a sturdily enclosed room with cashier's window designed to prevent people from reaching the safe or cash box."

The cashier's cage consisted of floor-to-ceiling wrought-iron bars with approximately five inches between the bars. The cage was at one end of the administrative office and one-third of the cashier's area had been partitioned to create a secure office area for the IT specialist and the post's network server.

Although the bars appeared to be securely installed, the cashier and IT specialist could be clearly seen from the administrative office and persons could reach into the cashier cage through the bars from two sides. The safe and its contents could also be clearly seen from the IT specialist's desk. In addition, a person standing in the IT specialist's space could observe the cashier opening the safe and ascertain the combination if the cashier did not block it with her body.

IMPREST FUND ACCESS

The keys to the cashier's cage were accessible to other staff.

As previously stated, PCM section 760.4.3.1 requires that the cashier office be designed to prevent people from reaching the safe or cash box.

Access to the cashier's safe was not limited. The container that held the office keys and the cashier's cage key was mounted in the administrative office, approximately ten feet from the cashier's cage door. We were told that all administrative staff had access to the key container. The cashier explained that she kept her cashier cage keys in the office key container so that she could access the cage in case she forgot her keys.

Uncontrolled access to the cashier's cage could lead to the loss of funds and it would be difficult to identify the responsible party.

Alternate arrangements for the storing of the combination and the keys to the cashier's cage and cash boxes had not been obtained by the cashier.

OFMH section 15.11.1 states:

Where there is no Embassy regional security officer, ... the cashier must arrange an alternate means of storing the key and combination to provide accessibility to the fund in his or her absence. The alternate provision for safeguarding the key and combination must be approved in advance by Global Accounts Payable.

Because there was no U. S. Embassy on any of the islands comprising PC/Eastern Caribbean, the post developed alternative methods to access the safe should something happen to the cashier. A copy of the cash box keys and a copy of the safe combination (in a sealed envelope) were given to the country director. The country director also had access to the cashier cage key kept in the key container in the administrative office.

The country director's ability to access the cash cage, safe, and cash boxes weakens the internal controls of limiting access to only the cashier.

These alternate provisions had not been approved by the Office of Global Accounts Payable.

Not all funds were held in locked cash boxes or in a safe.

OFMH section 15.11.1 states:

Funds must be stored in a U.S. Government approved safe with a three tumbler combination lock ...In the event a safe is not available on site, a temporary storage facility with a bar-locked cabinet and a three-tumbler combination lock must be provided.

During our cash counts at each island, we found that not all funds were being held in safes that meet agency requirements. On one island, a sub-cashier used a safe with a keypunch combination combined with a key lock. This safe did not meet the requirements outlined in OFMH section 15.11.1, requiring a three-tumbler combination.

We also found that Emergency Action Plan (EAP) funds that were part of the sub-cashiers' imprest fund were held either outside the cash box in the safe or outside the safe. Staff stated that they were advised that they were not to mix the EAP funds with operational funds, but that they were to be maintained in an envelope separate from the other operating cash. In one location, the EAP funds were stored outside the cash box, but within the safe. In another location, EAP cash was kept externally from the safe in a bar-locked file cabinet located in another room. The effect was that the EAP funds were not guarded adequately.

CASH TRANSFERS

Cash collected by the sub-cashiers was sent to the principal cashier in the mail.

OFMH section 9.3.2 provides guidance on handling local currency collections as follows:

Local currency collections in excess of \$1,000 should normally be deposited into the USDO account; lesser amounts may be retained as part of the cashier accountability and future replenishments reduced accordingly.

During our verifications of the sub-cashiers imprest fund advances at each island, we learned that all the sub-cashiers were mailing small cash collections directly to the cashier. These were mainly collections made for personal phone calls. We were told that if there was a large collection, the sub-cashier would obtain a postal money order and send it to the cashier in St. Lucia. None of the sub-cashiers were aware that they should retain small cash amounts collected and deduct that amount from their replenishment request.

Sending cash through the mail is an unsafe practice. Cash can easily disappear in transit or upon receipt without means to hold someone accountable for the missing cash.

ACCOMMODATION EXCHANGES

Unauthorized accommodation exchanges were being performed.

OFMH section 13 defines accommodation exchange as "the authorized exchange of U.S. or foreign currency or checks of equivalent value to authorized persons."

Additionally, OFMH section 13 states:

Posts must have written approval from the Director, Global Accounts Payable to perform accommodation exchange/reverse accommodation exchange.

During the audit, we found that the cashier, alternate cashiers, and sub-cashiers were performing unauthorized accommodation exchanges, by converting local currency to U.S. dollars.

The administrative officer and cashier justified the need for accommodation exchanges in order to have USD available for travelers. They explained that they were not aware that this required prior authorization from the Office of the Chief Financial Officer (OCFO). They also stated that banks in the Eastern Caribbean would not cash a USD check.

The post held unauthorized USD that they did not report on their monthly verification.

PCM section 760.4.4 states:

If a post operates both dollar and local currency funds, the two funds must be kept in separate cash boxes, accounted for separately, and must not be intermingled.

When conducting cash counts with the cashier, alternates, and all sub-cashiers, we found that all the cashiers held USD currency, but none of the currency was reflected separately as USD in the monthly reconciliation reports submitted to the OCFO or the U.S. Disbursing Officer (USDO). Instead the USD currency was counted and the amount converted and reported by the cashier as Eastern Caribbean dollars (LC). Our verification found that the post reported a total of USD \$2,188 as 5,944.58 LC.

We instructed the cashier to report the amount of USD currency that was being held on the imprest fund monthly verifications (365s) and not convert USD sums to LC on future 365s. After our return to PC/Washington, we were shown the following month's 365 verification that showed that the cashier was continuing to report USD as LC on the cash verification form.

SUB-CASHIER ADMINISTRATION

Sub-cashiers held amounts in excess of authorized limitations.

OFMH section 15.2 restricts cash advances to sub-cashiers to a maximum of \$2,500.

All five sub-cashiers located in the sub-offices held cash in excess of the \$2,500 maximum amount allowed. Four of the five sub-cashiers each had excess funds of more than \$4,300 and one cashier's excess was more than \$2,900; these excess amounts included EAP funds. The post had not received authorization for sub-cashiers to hold excess funds.

Sub-cashiers do not operate from a cashier cage, which increases the risk of loss or theft. A low dollar advance reduces the risk of large losses. Increasing the amount would be justified if there was a need, and any increase requires authorization from PC/Washington.

We observed during our cash disbursement analysis that many large routine expenses, such as utilities and rent, were paid in cash from the imprest fund. In addition, we found that all travel expenses, many of which could be paid by the post's travel card, were paid in cash from the imprest fund. In response to why these payments were not being paid by check or credit card, we were told that check payments took too long for the vendor to receive and that no one had considered using the purchase card. The administrative officer stated that the post did not use the travel card because the monthly bill was too difficult to reconcile.

Advances to alternate and sub-cashiers were not verified on a quarterly basis or cleared annually.

PCM section 760.15.1 states:

At the end of each fiscal year each principal or alternate class B cashier and sub-cashier must liquidate all outstanding interim cash advances to other persons, including sub-cashiers, and prepare a replenishment voucher which includes all disbursements made through the close of business on the last day of the fiscal year. (Interim advances to sub-cashiers may be reissued at the beginning of the new fiscal year, if appropriate. This may be handled as a

paper transaction where physical separation precludes the actual liquidation of the advance.)

The U.S. Department of State's guidance for overseas cashiers in its *Cashier User Guide* includes the general guidelines for verifying funds for a sub-cashier in Chapter 12 as follows:

A sub-cashier verification must be done on a quarterly basis. It is the responsibility of the immediate supervisor of the sub-cashier to perform the verification.

The Financial Service Center has recently issued the requirement that requires verifications be completed monthly if advances to sub-cashiers are over \$1,000 and quarterly if less than \$1,000.

During our audit, we learned that the advances made to the alternate and sub-cashiers were not verified monthly or quarterly. In addition, none of the advances were liquidated annually as required.

These two controls are intended to assure the principal cashier, who is personally liable for the cash, that no losses or overages have occurred during the period and that the advances are being controlled appropriately.

CASHIER DESIGNATIONS

There was no formal designation for one alternate cashier and four of the five sub-cashiers.

OFMH section 15.2 requires that country directors request cashier designations for cashiers and alternate cashiers. It also states that cashiers and alternate cashiers must take a written test and be approved by the USDO within 180 days of receiving a temporary designation in order to operate as a cashier. Further, it is strongly discouraged to have the administrative officer as an alternate cashier.

OFMH section 15, Exhibit C describes the requirements for formally designating a sub-cashier, as follows:

The designation of a sub-cashier must be approved by the Director, Office of Accounts Receivable and Cash Management in Peace Corps Washington. This designation is usually made by

cable or email to the Post, which should be retained for your records. The designation as a sub-cashier is for a limited period and is stated on the cable or email. Sub-cashiers have NO authority to disburse or hold the funds beyond the expiration date.

PC/Eastern Caribbean had two staff persons performing alternate cashier duties. Each maintained a fund in a locked cabinet in a cash box in their office. There was no documentation signifying that one of the alternate cashiers (the administrative officer) had been authorized. PC/Washington also did not have any documentation and was unaware that the administrative officer was acting as an alternate cashier.

Each of the five sub-offices had a sub-cashier. We requested documentation that a formal designation was requested and received for each sub-cashier and the period for which they were designated; the post provided no documentation. The cashier liaison in Washington provided us with documentation for two sub-cashiers; however, one authorized sub-cashier had ceased acting as a sub-cashier and the funds were being handled by his administrative assistant who had not been authorized. Therefore, only one sub-cashier was authorized.

Formally designating and notifying the Office of Accounts Receivable and Cash Management ensures that the agency is aware of who is responsible for handling agency funds. Neglecting to formally designate a cashier could allow an individual to perform the functions of a cashier, sub-cashier, or alternate cashier without having the required qualifications.

CASHIER FORMS

Cashiers used an incorrect form for interim advances and the cashier used incorrect verification forms.

PCM section 460, Attachment C, provides the form that is to be used by cashiers when issuing interim advances. In lieu of Attachment C, the post used a form for interim advances recommended by the cashier. She stated that this form was used by another agency. This form was a small (2"x 4") lightweight receipt. During our cash counts we observed that the receipt could easily be lost or misplaced when an advance form blew under the cashier's desk

without the cashier noticing it. As a result, the cash verification was showing a shortage. When the missing form was located and added to the calculations, the verification was in balance.

We were advised that the country director had requested that the cashier stop using that form and use the standard Peace Corps form. All the sub-cashiers were also using the inappropriate advance form.

We also found that the cashier was not using prescribed forms for the verification of the 365. These forms contain all required conditions for reporting the sub-cashier and interim advances and cash count, including the date they are processed.

If the proper advance form had been used, the cashier liaison at headquarters would have been aware of the outstanding interim advances, the size of the sub-cashier advances, and that the administrative officer was holding an alternate cashier advance. If the recommended cash count form had been completed correctly, he also would have known that the post was holding USDs.

INTERIM ADVANCES

Interim advances were not being cleared promptly.

PCM section 760.8.0 states:

... the cashier should liquidate advances within five working days after issuance by obtaining copies of original receipts or other confirmation of use from the individual(s) to whom the funds were advanced.

During our cash counts, we found copies of several interim advances outstanding in excess of five days held by the sub-cashiers. One was more than four months old. We also found that the cashier had interim advances that were outstanding in excess of five working days.

Verification and or liquidation of the sub-cashier advances would have identified these outstanding advances, and the cashier's monthly verifications should identify the outstanding interim advances held by the cashier. Clearing interim advances assures the cashier that they are being used for the purposes for which they were issued.

A personal services contractor was performing the functions of a sub-cashier.

PCM section 760.5.1.1 states:

Cashiers must be direct-hire permanent employees of the Peace Corps. Employees of other agencies, contractors or trainees may not be designated as cashiers.

A continuous 'interim advance' of 500 LC was given to an administrative assistant who was a personal services contractor (PSC). This interim advance was used to set up a sub-cashier fund and was being reported to the post's cashier by the PSC using the same replenishment process used by the other sub-cashiers. It had not been cleared for more than a year.

We were told by the staff that they did not consider the PSC a sub-cashier since she received an interim advance and not a sub-cashier advance.

An advance was given to an individual who was not a Peace Corps staff member or Volunteer.

PCM section 760.7.1.3 describes the procedures for issuing advances to Peace Corps Trainees, Volunteers, or employees. It does not include a provision for advances to non-personal service contractors. OFMH section 14.9.1 specifies that interim advances may be advanced to persons who are staff members.

We found one outstanding travel advance issued to a non-personal services contractor. The individual had previously been a PSC but was no longer considered a staff member when she received the advance. Also, the advance was not collected prior to the individual's departure from the post.

Not only was this advance not allowed, but the administrative process of clearing the advance was not in place.

Sub-cashiers were not retaining a ledger showing all required information.

OFMH section 15, Exhibit C explains sub-cashiers' function, responsibilities, and liabilities, which includes:

**ADMINISTRATIVE
REQUIREMENTS FOR
SUB-CASHIERS WERE
NOT FOLLOWED.**

“Retaining a ledger showing all transactions, receipts and dates...”

None of the sub-cashiers maintained a ledger of their transactions as required by Peace Corps policy. The cashier only received their monthly replenishment worksheets and this did not include cleared interim advances or other advances that may be inappropriate, such as loans to staff.

Maintaining a ledger would allow the detection of inappropriate transactions.

An inappropriate payment was made by a sub-cashier.

PCM section 725.3.0 states:

Use of entertainment funds must be approved in advance by the Director of Peace Corps. Obligations incurred for entertainment will be charged to a central fund account as indicated in the “Fiscal Coding Handbook.” Requests, which must have the concurrence of the Chief Financial Officer (CFO), shall be submitted in writing and in duplicate to the Director of Peace Corps. These requests should include the following:

- A description of function, location, and date;
- The specific purpose for which approval is sought;
- The names and titles of individuals to be entertained and the organizations or Governments with which they are associated;
- The names and titles, to the extent practicable, of any Peace Corps or other U.S. Government employees to be present; and
- The estimated cost.

One of the sub-cashiers made a \$400 payment on February 28, 2006 to a local dance group for a swearing in ceremony, which was approved by an Associate Peace Corps Director (APCD). However, the APCD did not obtain the approval of the country director prior to the expenditure of these funds. When the sub-cashier submitted the receipt as part of the replenishment request, the principal

cashier rejected it because it had not received pre-approval and was therefore an unallowable cost.

A collection had not been processed to recover the funds from either the sub-cashier who disbursed it, nor the APCD who approved the expense. The effect of this transaction is that the sub-cashier advance fund had been short \$400 for over a year.

Cashier hours were not set and were not always posted.

PCM section 760.4.3.1 requires the country director to “set cashier’s hours consistent with this manual section for cashiers, other employees, and Volunteers.” This is to allow cashiers to have adequate and uninterrupted time to prepare reimbursement vouchers and other required paperwork.

The principal cashier did not have specific cashiering hours. She stated that she opened up her cashier cage when persons needed to make transactions. Only one sub-cashier had posted cashiering hours. The other sub-cashiers did not have set cashiering hours and were interrupted in their other routine activities when they needed to make reimbursements.

Cashiering hours should be posted and adhered to except for emergency situations so that cashiers have time to do their administrative duties without interruption. It also assists Volunteers and other staff in scheduling their time for their cash transactions.

The principal cashier did not have a copy of the annual audit.

PCM section 760.12.3 states:

An unannounced annual audit must be conducted once a year and whenever there are new cashiers or new Location Managers [country director].

PCM section 760 also states that in addition to submitting the results of the review to headquarters, a copy is to be retained by the country director.

Although the principal cashier stated that an annual verification had been conducted by a non-post staff member,

IMPREST FUND SHORTAGES

she could not provide documentation supporting her statement. The post is required to retain that documentation.

An annual verification of the cash advanced to the post strengthens the internal controls for imprest fund administration.

Four losses in excess of \$10 were not fully investigated or reported to the OIG as required.

OFMH section 15.12 states :

Cashiers are personally responsible for all funds advanced by the U.S. Disbursing Officer and are therefore liable for replacement of funds in the event of physical loss, illegal or improper payment, or deficiencies. When a loss is identified, the cashier or administrative officer, should immediately notify the country director, in writing, and advise of the amount (in U.S. dollars and local currency) and the circumstances of the loss. A copy of the memo should be retained in the cashier's files. ...If the loss is greater than \$10, the Country Director must advise the Embassy/Regional Security Officer, the Director, Office of Accounts Receivable and Cash Management, the USDO, the Region, and the Office of the Inspector General. This is required even if the post feels the loss may only be due to an accounting error or missing documentation.

During our audit, we learned of four losses to the imprest fund of more than \$10 that had occurred within the last two years. Three of the four losses were from sub-cashier funds. A different sub-cashier was involved with each incident. The fourth loss was from the principal cashier's imprest fund. All losses were repaid by the individual cashier involved.

The cashier stated that two of the losses were reported to the country director and one of the losses was reported to the OIG. The auditor had requested documentation but did not receive any. The cashier did not know if there was any investigation.

The importance of reporting a loss to the OIG is in order for the OIG to be able to determine if an investigation and/or an audit is needed and may help in the recovery of lost funds.

RECOMMENDATIONS

We recommend:

- 1. That the country director ensure that the cashier cage is modified to comply with the requirements of the PCM section 760.**
- 2. That the cashier remove the cashier cage key from the common key storage box and maintain it in her possession.**
- 3. That the country director, in consultation with Global Accounts Payable, develop an arrangement for storing the duplicate keys to the cash boxes, combination to the safe, and the extra set of keys to the cashier cage that will prevent access by a single person to the imprest fund (except for the cashier).**
- 4. That the country director ensure that all cash, including EAP funds, is safeguarded as required by the Overseas Financial Management Handbook, including procuring safes with three-tumbler combination locks where they are absent.**
- 5. That the administrative officer advise the principal cashier, alternate cashier, and sub-cashiers on the proper handling of cash collections.**
- 6. That the country director and administrative officer work with the Office of Accounts Receivable and Cash Management to develop a method for obtaining USD currency.**
- 7. That the country director ensure that all imprest fund verification reports submitted to the Office of Accounts Receivable and Cash Management and the U.S. Disbursing Officer report currencies held by the cashier accurately and separately.**
- 8. That the sub-cashiers cease holding imprest funds in excess of \$2,500, unless authorization is received from the cashier liaison at PC/Washington.**

- 9. That the administrative officer research alternative non-cash methods for routine payments in an effort to reduce the size of cash advances to sub-cashiers.**
- 10. That the cashier ensure that advances issued to the alternate cashier(s) and sub-cashiers are verified monthly if the sum held is in excess of \$1,000 or quarterly if the sum is less than \$1,000 by the cashier's supervisor or a US direct hire under the guidance of the cashier.**
- 11. That the cashier liquidate advances to the sub-cashiers and alternate cashiers annually in compliance with the Peace Corps Manual.**
- 12. That the cashier in coordination with the country director request authorization for each sub-cashier to act as a sub-cashier.**
- 13. That the cashier only advance sub-cashier funds to authorized sub-cashiers.**
- 14. That the administrative officer cease acting as an alternate cashier.**
- 15. That the cashier ensure that the Peace Corps "Interim Advance Form" available in Attachment C of PCM section 760 be used for all interim cash advances including those issued by sub-cashiers.**
- 16. That the cashier use the forms recommended by the cashier liaison for performing cash counts and interim advances and attach them to the verifications when they are submitted to PC/Washington.**
- 17. That the cashier ensure that sub-cashiers clear interim advances within five working days by reviewing sub-cashier weekly reimbursement request forms.**
- 18. That the billing officer prepare and submit a bill of collection to the non-personal services contractor for the interim advance that was inappropriately advanced and that a collection be made.**

- 19. That the cashier cease using a PSC as a sub-cashier in the St. Lucia sub-office.**
- 20. That the cashier ensure that the sub-cashiers are maintaining a ledger of their transactions and that they review the ledger periodically during the monthly cash verification.**
- 21. That the administrative officer ensure that a bill of collection is submitted to the APCD who approved the inappropriate expense for entertainment and that a collection be made.**
- 22. That the administrative officer ensure that all future amounts accompanying the sub-cashier requests for replenishment that are rejected for reimbursement are appropriately handled in a timely manner, including billing approving officials for collection.**
- 23. That the country director establish cashiering hours for the cashier and each sub-cashier and require that they be posted.**
- 24. That the administrative officer advise the principal cashier, alternate cashier, and sub-cashiers in writing as to who is allowed to receive interim advances to prevent an inappropriate advance in the future.**
- 25. That the country director ensure that the imprest fund obtains an unannounced annual verification as required, and maintains documentation to support that it has been done.**
- 26. That the country director, administrative officer, and principal cashier ensure that imprest fund losses and overages are reported to the appropriate individuals as required including the OIG.**

RECORDS MANAGEMENT

RECORDS DISPOSAL

The post did not maintain orderly files in accordance with Peace Corps policy.

OFMH section 24.1 states: “Complete, easy access to files is the foundation for financial management and reconciliation at post.” It also states that it is the responsibility of the administrative officer to provide a complete record of administrative management transactions, policies and practices, to facilitate audit, ensure effective management and provide for compliance with agency and federal regulations.

For example, we found the following:

- The cash reimbursement files maintained in the cashier’s office were not systematic. They were piled into file drawers or on shelves. Staff had difficulty finding requested documents during our review.
- Some sub-cashiers maintained their imprest fund transactions outside the cashier’s safe. These documents were not readily located and impeded the sub-cashier cash verification.
- The International Cooperative Administrative Support Services (ICASS) file documents, maintained by the administrative officer, appeared to be filed as the documents arrived, but there was no filing system by category.
- The SPA files maintained by a SPA coordinator were not consistently filed. Some documents were filed loosely in no order in the files. Accounting and expenditure support documentation was difficult to find.
- The administrative officer provided us with a general correspondence file for our review. There was no order to the file, duplicate copies were maintained, and information that was not relevant to the subject (misfiles) were placed in the file.

These conditions existed because the post was not following the guidance of OFMH.

As a result, staff spent excessive time locating documents in the SPA and cash reimbursement files that we requested.

RECOMMENDATION

Additionally, valuable information could potentially be lost or not retrieved timely due to inconsistent filing.

We recommend:

- 27. That the administrative officer establish and implement a systematic file system for all administrative files and grant files.**

VOLUNTEER ALLOWANCES

VOLUNTEER SURVEYS

The post did not conduct settling-in allowance surveys on a regular basis.

PCM section 221.4.2 states:

Posts shall conduct surveys on the prices and items commonly purchased by Volunteers with the settling-in allowance for each incoming group of Volunteers. The survey process requires Volunteers to complete the Settling-in Allowance Volunteer Survey within three months after receipt of the allowance.

However, administrative staff reported that the post did not consistently survey Volunteers. The last settling-in allowance survey was included with the annual living allowance survey, which confused Volunteers.

The administrative officer stated that the post did not base the settling-in allowance on annual surveys.

These surveys provide the post with important information that can assure the post that allowances are adequate for Volunteers' health and well-being.

ALLOWANCE ADMINISTRATION

The post did not have a memorandum of agreement (MOA) with the bank handling Volunteer allowances.

PCM section 221.6.1.1 requires the country director to obtain a memorandum of agreement with the bank handling Volunteer living allowance transfers. It also states:

Approval by the Director of GAP [Global Accounts Payable] is required if the Country Director is unable to obtain bank approval of the substance of all the clauses in the Memorandum of Agreement.

The post used a bank to receive the Volunteer living allowance checks and based on information provided by the post, the bank distributed the funds to Volunteer individual accounts. The administrative officer stated that the post did not have a MOA with the bank that was used for Volunteer allowance transfers but that the post had received USDO approval. However, the administrative officer could not provide documentation that the USDO had made any approval. The post had not received approval from the director of GAP.

Operating without a written agreement could result in a loss of accountability for funds because procedures for resolving issues such as overpayments, closure of Volunteer accounts, handling of dormant funds, and return of funds to the U.S. government has not been established.

RECOMMENDATIONS

We recommend:

28. **That the post conduct all required Volunteer settling-in allowance surveys.**
29. **That the administrative officer obtain a MOA from the banks handling the distribution of Volunteer living allowances or approval from the director of Global Accounts Payable if the bank will not provide a MOA.**

BILLINGS AND COLLECTIONS

OUTSTANDING BILLS OF COLLECTION

Outstanding bills of collection files were not reviewed when Volunteers or staff departed the post.

PCM section 777.8.0 states:

If an individual's departure from the post is imminent, a billing is promptly made to assure collection prior to departure.

BILLING OFFICER RESPONSIBILITIES

The post did not review bills of collection files when staff or Volunteers ended their Peace Corps service prior to their leaving the post. A result of not reviewing these files is that the post had not made collections from Volunteers who had ended their service and departed from the post. These collections had been turned over to the billing department at headquarters.

The billing officer was not completing all bills of collection.

OFMH section 9.2.1 lists the responsibilities of the billing officer to include:

- Perform the billing function based on documentation and information received.
- Complete a bill of collection.
- Enter the information in the billing log and into FOR-Post.
- Monitor the receipt of amounts owed.
- Send reminders for outstanding bills of collection.

OFMH section 9 also provides that the letters the post used for host country contribution collections and Volunteer allowance collections from the bank used to distribute Volunteer allowances can be used as a bill of collection. However, these letters are to be submitted to the billing officer to complete a bill of collection and enter the information in the bill of collection log for internal control purposes. Bills of collection should be numbered sequentially, and each debtor be independently billed. Each bill of collection needs to be recorded on the bill of collection log and when collections are made, they should be recorded in the log with the receipt number used for the collection.

The post had a billing officer; however, other staff members also issued bills of collection. Bills of collection issued by staff other than the billings officer were not recorded in the billing log. Billings not recorded in the billing log included:

- Billing letters for Host Country Contribution (HCC) to the island governments that contribute funds for programming.
- Monthly billings sent by the cashier to the various island governments for Volunteer housing. The cashier collected these funds and recorded them in For-Post but not in the billing log as a HCC collection. In order to maintain adequate separation

IMPROPER COLLECTIONS

of duties, the cashier (collection officer) should never be used to issue bills of collections.

- Unexpended SPA grant funds collected by the PTO and her staff. They issued one bill of collection for the total collected. There were no individual bills of collection or receipts for sums collected provided to each Volunteer for the sums that were collected from them.

The control of having one individual responsible for all billings is to assure that all outstanding bills of collection are being collected by the post.

The post made unauthorized collections from Volunteers.

PCM section 777.1.2.1 states that covered transactions for billings include those transactions based on billings or other demands for payment for amounts due the United States in U.S. dollars or foreign monies.

An APCD made collections from Volunteers for the time that the Volunteers had stayed with their homestay families after they had been sworn in as Volunteers. The APCD stated that he did not want the homestay families to know that the money was coming from the Volunteers.

The APCD collected the money from the Volunteers after they had received their allowances. He stated that he gave the Volunteers a receipt for the collection but that he did not retain one in his files. A Volunteer that we interviewed stated that he had received a receipt from the APCD. The APCD had the homestay families sign a sheet certifying that they had received the funds. The total amount for one period was 5,950 LC, equivalent to USD \$2,190.72.

None of the other islands used this practice; they required the Volunteers to pay the homestay families directly. At the point of the collection there was no debt incurred by the Volunteers.

Additionally, this process of collecting funds from Volunteers could lead to fraud and abuse.

RECOMMENDATIONS

We recommend:

30. That the post review bills of collection prior to staff and Volunteers departing the post at the end of their service.
31. That the billing officer receive all documentation of letters used for billings, and prepare a bill of collection based on Form PC-1566 using sequential numbering.
32. That the cashier not issue bills of collections in any form.
33. That the post issue bills of collection for each individual debt and receipts issued to each individual who clears their debt.
34. That the billing officer record all bills of collection in the billing log.
35. That cashiers and sub-cashiers only make collections for approved purposes.
36. That the cashiers and sub-cashiers retain receipts in their files for all collections processed by them.

HOST COUNTRY AGREEMENTS

HOST COUNTRY CONTRIBUTION BASIS

The post's basis for billing host country contributions was not in accordance with Peace Corps policy.

OFMH section 9.2.1 requires that the billing officer determine host country contribution amounts based on a memorandum or letter from the donor.

The post was billing and collecting 100 LC a month per Volunteer from three (St. Vincent, Dominica, and St. Lucia) of the six island governments. However, there was no documentation showing the basis for these contributions. Additionally, the post stated it did not bill or collect from two of the island governments. Antigua provided office space, so the post did not bill that island government. However, there was correspondence in a file maintained by the administrative

officer that indicated that a prior country director had calculated that Antigua should pay an amount in addition to the value of the provided office space, to equal a contribution equivalent to approximately 100 LC per Volunteer per month.

Without written documentation, the governments that are being billed could stop making payments, and the post would have no basis to make a collection. Also, there should be some basis for the decision not to bill those island governments.

HCC EXPENDITURES

The post's basis for billing host country contributions was not in accordance with Peace Corps policy.

PCM section 722.4.0 states:

In order to qualify as a host-government or local contribution, the contribution must defray an expense which the Peace Corps would otherwise have to pay from appropriated funds, or which advances purposes authorized by the Peace Corps Act.

PCM section 722.5.0 provides examples of Host Government and Local Contributions proper expenditures.

The host country agreements from each of the islands state:

The governments will bear such share of the costs of the Peace Corps program incurred in their respective islands.

Some expenses that were paid with HCC were not inappropriate; however, they did not follow the strict guidelines that Peace Corps uses for expenses to be paid from appropriated funds or that would be authorized by the Peace Corps Act. The post's accounting for the HCC income and expenditures did not clearly indicate that contributions received from an island state government was expended strictly for Peace Corps activities in that island state.

HOST COUNTRY AGREEMENTS

The Host Country Agreement tax exemptions may have been misinterpreted.

PCM section 123.3.2 states that the responsibilities of the Office of General Counsel as follows:

Assists in the preparation of interagency agreements and agreements with other parties pertaining to Peace Corps programs; prepares all Peace Corps country agreements, renders legal interpretations, and participates in the negotiation of such agreements.

We found correspondence that indicated that a current post staff member and previous country directors had interpreted the tax exemption clause in the Host Country Agreement in a questionable manner. We also found correspondence that indicated that one island state disagreed with the interpretations. These interpretations may lead to liability problems for present host country staff.

We have brought this matter to the attention of the Office of General Counsel, the region, and the country director. The agency is working to resolve this matter.

RECOMMENDATIONS

We recommend:

- 37. That the country director obtain a written memorandum from each island state that includes the HCC amount they plan on contributing.**
- 38. That the country director and administrative officer review all HCC proposed expenditures to assure that they meet the strict Peace Corps criteria before they are approved.**
- 39. That the administrative officer develop a subsidiary ledger for each island state to account for all HCC income received, and record the expenditures against the island state's contributions.**
- 40. That the region work with the Office of General Counsel to amend the country agreements for each island state to include specifics on tax exemptions.**

GRANT FUNDING

GRANT FUND ACCOUNTING

SPA grant expenditures were not monitored adequately.

OFMH section 49.4.7 gives guidance for accounting for SPA grant funds and states:

Volunteers and community representatives should be provided instruction on accountability for funds, the proper documentation required to substantiate procurements, and other accounting procedures.

OFMH section 49.4.7 directs Volunteers to use the SPA Project Log for accounting purposes and where the log may be found.

We reviewed all SPA grant files for 2005 and 2006. There was no staff member permanently responsible for monitoring costs related to project funds. We found that the accounting for the completed projects in 2005 was often incomplete. The accounting for SPA grants in 2006 was fairly complete. However, unspent grant funds collected from Volunteers was administratively handled incorrectly; a single receipt and collection was made for five separate SPA projects.

Poor monitoring of grant expenditures could lead to misuse and abuse of grant funds.

SPA grant funds were used for PEPFAR-like projects.

The SPA handbook and the Peace Corps PEPFAR grant funding guidelines were used as criteria to determine proper expenditures made by the post.

In our review of the post's 2006 SPA grant fund activities, we found three projects that were for the development and piloting of a HIV/AIDS Manual. These projects did not meet the criteria of a SPA project, but did meet the criteria of a PEPFAR project. The total amount initially obligated and distributed for these projects was 71,000 LC, equivalent to USD \$25,818.18.

Also, the staff credited one of the grants for the HIV/AIDS Manual with collections made from other SPA projects, for the sum of \$4,995.42.

RECOMMENDATIONS

We were told that the post used SPA grant funds because they had not yet received the 2006 PEPFAR funding, and they wanted to start the project. By using SPA grant funds, they were not in compliance with the SPA agreement that the post had with USAID.

We recommend:

- 41. That the country director assign a staff person to review the receipts and Volunteer accounting of grant funds when Volunteers finish their projects and submit a completion report.**
- 42. That the administrative officer supervise the accounting of SPA funds to assure that proper procedures for grant refunds for unexpended funds are being used.**
- 43. That the region and post work with the Office of AIDS Relief and the Office of the CFO to transfer the \$25,818.18 from the 2006 SPA line item to the PEPFAR expenditure line items by a journal entry and apply the \$4,995.42 collections to the proper SPA project.**

COMMUNICATIONS

BILLING OF NON-OFFICIAL TELEPHONE USE

The post had not determined if it was cost effective to collect for non-official use of the post's telephone.

PCM section 834.4.2 states:

Country Directors have the discretion to set up a call collection system for unauthorized calls if it is cost-effective to do so. Any monies collected should be credited to the obligation used to pay the telephone bill.

The post sometimes billed for personal use of the office phones, but it depended on the amount of the charge. The post had not completed an analysis to determine if it was cost effective to collect for non-official use of the telephones.

Without an analysis, the country director would not have the information necessary to base a decision on whether the post should collect for personal use of the office phones.

RECOMMENDATION

We recommend:

- 44. That the country director develop and implement a policy based on the cost effectiveness of collecting for the non-official use of office phones.**

SAFEKEEPING OF VOLUNTEER PROPERTY

VOLUNTEER PROPERTY

The post did not provide Peace Corps Trainees with receipts for items held for safekeeping.

PCM section 235.4.0 requires that the post issue receipts to Volunteers/Trainees for any property held by the post for safekeeping. PCM section 235 also requires that the post have a written policy on the post's custody of Volunteer/Trainee property, provide the policy to both staff and Volunteers, and that the policy include the \$750 Peace Corps liability limitation.

The post had Trainees sign a spreadsheet as to what they placed in an envelope that was to be held for safekeeping by the administrative officer. The Trainees also listed the contents on the outside of the envelope and sealed it. The post did not give a receipt to the Trainees for the property the post received for safekeeping, nor did they review what the Trainee put in the envelope.

The post had no written guidance on post custody of Volunteer/Trainee property held for safekeeping and the administrative officer stated that neither she nor the Trainees were aware of the \$750 liability.

The administrative officer felt they were not required to follow PCM section 235 since they only held "Trainee" property for approximately three weeks and not "Volunteer" property.

Receipts provide documentation to the Trainees of property entrusted for safekeeping with the post. Written guidance clearly expresses the responsibility the post has for the property entrusted to their care for safekeeping.

RECOMMENDATIONS

We recommend:

45. That the post provide Volunteers/Trainees with receipts for items held by the post for them for safekeeping.
46. That the post issue written guidance on post custody of Trainee/Volunteer property that includes a statement explaining the \$750 liability limit and provide the Trainees/Volunteers with a copy of the policy.

PROPERTY MANAGEMENT

PROPERTY MANAGEMENT ADMINISTRATION

The property manager received property, maintained the inventory records, and conducted physical inventories.

The Government Accountability Office's "Standards for Internal Control in the Federal Government" states:

Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error, waste, or fraud.

The General Services Assistant (GSA) property manager kept the inventory records and also performed the physical inventory at the St. Lucia office and sub-office, the leased residences, and a storage building.

The GSA was performing these duties as assigned to her by the administrative officer. To properly segregate responsibilities, different persons should perform these functions.

Property and equipment records were poorly maintained.

PCM section 511.5.2 states:

Each office must take an inventory at least once a year, physically counting each item to verify that all property is on hand and properly recorded in the property management database.

During our review of the post's inventory, we found that inventory records were inconsistent. Recorded inventory was

missing and property that should have been recorded was not on the inventory records. Some property ID tags were missing.

Sub-office staff stated that they would complete physical inventories and send a copy of corrections that they wrote on inventory records to the St. Lucia main office so that inventory records could be updated. However, one sub-office staff said the inventory record she received back from the GSA had not been updated to reflect the changes. Also, the inventory records were sometimes missing items that were on the original inventory record that she had previously inventoried against.

We also found property at some of the island sub-offices that was no longer in use and needed to be discarded. The property included computers that needed to have their hard drives checked and cleaned by the IT specialist before they were disposed of properly.

Without accurate inventory records, there would be no controls as to whether the post's physical property has been removed without authority.

RECOMMENDATIONS

We recommend:

- 47. That the administrative officer assign different staff to receive property, maintain the inventory records, and conduct the physical inventory to separate these responsibilities.**
- 48. That the staff assigned to complete physical inventories complete a full inventory of all property within one month of receipt of this report.**
- 49. That the staff assigned to maintain inventory records update all inventory records based on the full inventory.**
- 50. That the administrative officer review all inventory records for accuracy prior to their being sent to the sub-offices.**

- 51. That the IT specialist check all computer hard drives that are no longer in use, clean the hard drives, and certify that they are clean so the computers can be disposed of properly.**
- 52. That the administrative officer sell or properly dispose of all obsolete property in all offices.**

VEHICLE MANAGEMENT

VEHICLE ACTIVITY LOGS

Vehicle logs were not reviewed weekly.

PCM sections 527 and 522 require that the vehicle logs be reviewed on a weekly basis by either the person responsible for vehicle maintenance or the administrative officer. The GSA stated that the cashier was assigned the duties of receiving all vehicle logs on a monthly basis to review. The cashier stated that she reviewed the logs for odometer accuracy and to determine if they were signed and if work had been completed, and then she filed them. The cashier said that she was not familiar with the locations or distances of the outer islands and had no idea if the mileage reported would be for Peace Corps activities.

The GSA, who maintained the vehicle keys, assigned vehicles, scheduled repairs for property and vehicles, and was responsible for property and vehicle inventories, did not drive and did not have knowledge of vehicle mechanics.

We found logs that did not consistently maintain mileage, and several logs were missing the names of passengers or purposes of trips.

A review of logs is essential so that prompt repairs are made, gas and oil usage is reviewed, and personal mileage may be billed promptly. Using someone familiar with vehicle mechanics is important due to their knowledge of mechanical problems and normal gas and oil usage.

VEHICLE SAFETY

Vehicle safety supplies were lacking.

PCM section 270.3.2 states that it is the responsibility of the country director to establish procedures to monitor and assess personal safety and security environments for

Volunteers/Trainees. This would include Volunteers/Trainees riding in Peace Corps vehicles.

PCM section 682.4.0 states that it is Peace Corps' policy to maintain a safe and healthful workplace for all employees. It goes on to say that it will inspect periodically all workplaces, respond to employee reports of unsafe or unhealthful working conditions, correct all unsafe or unhealthful working conditions, and provide equipment, personal protective equipment, and devices where necessary to protect employees.

We found that several vehicles operated by PC/Eastern Caribbean were missing emergency repair kits and triangle reflectors. These are important in case a vehicle is stalled on the highway. We also found fire extinguishers that did not have an inspection date and a fire extinguisher that may be inadequate for vehicle fires. In addition, we found an unsecured fire extinguisher in a car and a loose extinguisher could pose a danger to passengers if the vehicle were in an accident.

There is no guarantee that extinguishers are functioning and would work during an emergency unless they are inspected at least annually.

RECOMMENDATIONS

We recommend:

- 53. That the administrative officer assign a staff person that is knowledgeable on vehicle maintenance to administer the vehicle operations.**
- 54. That the person assigned to administer the vehicle operations review all vehicle logs for completeness on a weekly basis.**
- 55. That the administrative officer review all vehicle logs monthly to verify their accuracy and that they have been reviewed weekly.**
- 56. That the administrative officer advise the country director of any discrepancies with any vehicle logs.**

- 57. That the person assigned to administer the vehicle operations develop a system to ensure that all vehicle fire extinguishers are inspected annually, are securely mounted in vehicles, are suitable for vehicle use, and that staff using vehicles are trained in fire extinguisher use.
- 58. That the person assigned to administer the vehicles develop a list of safety equipment that should be in each vehicle and periodically check the vehicles to see that the safety equipment is in each vehicle.

TRAVEL MANAGEMENT

TRAVEL VOUCHER SUBMISSION

Some staff did not complete their own travel vouchers.

OFMH section 54.4 states:

It is the responsibility of the traveler to personally prepare their travel voucher. The administrative unit reviews and approves it.

We were advised that APCDs at some sub-offices have their administrative assistants complete their travel vouchers. Persons should be responsible for completing their own travel vouchers to avoid mistakes or conflicts.

RECOMMENDATION

We recommend:

- 59. That the country director instruct all staff that each individual is responsible for completing their own travel vouchers after completion of a trip.

PROCUREMENT

CONTRACT COMPETITION

The post's contract procedures were deficient.

PCM section 732.6.2.11.1 states:

When the expected purchase price exceeds 10% of the small purchase limitation threshold, solicitation of at least three sources may be

considered to promote competition to the maximum extent practicable. If more than three qualified sources normally compete, the firms solicited may be rotated or the number of contractors increased to include the additional bidders. The decision to open the acquisition to additional bidders should correspond to the value of the purchase, the potential for additional price savings, and the additional administrative costs involved. Written quotations shall be required (except for emergency supplies and perishable substances) when the estimated dollar amount of the purchase exceeds \$10,000.00.

For proposed contract actions expected to exceed \$10,000.00, Contracting Officers shall disseminate information by posting the notice of solicitation or a copy of the solicitation in a public place at the Peace Corps Office for at least 10 days prior to the closing date for receipt of solicitations or bids. Contracting Officers shall place paid advertisements of proposed contracts when it is anticipated that effective competition cannot be obtained otherwise.

The determination that a proposed price is reasonable should be based on competitive quotations. If only one response is received, or the price variance between multiple responses reflects lack of adequate competition, a statement shall be included in the contract file giving the basis of the determination of fair and reasonable price. The determination may be based on a comparison of the proposed price with prices found reasonable on previous purchases, current price lists, catalogs, advertisements, similar items in a related industry, value analysis, the Contracting Officer's personal knowledge of the item being purchased, or any other reasonable basis.

The administrative officer, who was responsible for obtaining contract bids, stated that the post did not always conduct full bidding/competition for several reasons. In the Caribbean, the number of reliable vendors is limited. Additionally, the post had a tendency to purchase from reputable vendors rather than competing the purchase. Limited price quotes were obtained for high dollar procurements. However, sole source

justifications were not documented in the post's files.

The administrative officer believed that posts no longer needed to document justification for sole source procurements based on information obtained during training. The Office of Acquisitions and Contract Management advised us that this is true for long term PSC contracts if the files confirm that the staff person is performing their duties and their skills meet their required position, but it is not appropriate for all contracts.

By not following requirements for full and open competition, contracts could be awarded based on personal preference.

Full and open competition helps avoid the potential for abuse, and ensures the best value for the Peace Corps.

CONTRACT FORMS

The post was using an improper contract agreement form.

PCM section 732.6.1.7 requires that contracts must be in writing. The Office of Acquisitions and Contract Management provides contract forms for non-PSC negotiated contracts.

The post was using the front page of a lease agreement for a contract with a security service provider. The administrative officer was not aware that there was a form she should be using for negotiated contracts. These contract forms may be obtained through the Office of Acquisitions and Contract Management.

By using an improper form, the post may not include essential elements required in a contract.

LEASES

There were some deficiencies in the lease contracts.

PCM section 733 provides the information as to what needs to be included in leases.

We found that most of the post's leases were fully completed. However, we did find that not all leases had full descriptions including square footage. There was a lease copy in a file that did not have a signature on the certificate of acceptance and another one that was not dated.

PSC CONTRACTS

File copies that are missing information is an indication that an original lease that has been issued may not be accurate or be properly signed.

We also noted that the post did not issue leases with four option years.

The post's personal services contract information was deficient.

The post's PSC contract files did not comply with agency policy in PCM section 743. We found the following PSC file deficiencies:

- Seven out of 19 PSC security clearances for individuals were missing.
- No intelligence background information certifications had been signed by staff.
- Five files were missing copies of annual performance evaluations.
- The release form was not signed upon the completion of the contract for most personal services contracts.

The administrative officer stated that she did not realize that security clearances had not been performed on all staff, that intelligence background information certifications were required, and that contractor release forms needed to be completed for current staff. The administrative officer was also the administrative officer during our previous audit review of the post. In our report issued November 6, 2000, we recommended that security clearances, intelligence background information certifications, and contract releases be obtained. The region concurred with these recommendations.

It appeared that the post did not review PSC files on a regular basis to confirm that all necessary documentation had been obtained or completed. As a result, there may be some staff that do not meet Peace Corps' security guidelines.

In addition, without signed contract release forms, PSCs could say that they had not received full benefits, and the post would need to either pay for the benefits or spend additional time and money to prove that the benefits had been paid.

All personal services contracts were for one year with no option years. Award of contracts with option years reduces administrative staff time needed to prepare and issue new contracts each year.

RECOMMENDATIONS

We recommend:

- 60. That the post comply with competition requirements for all procurements.**
- 61. That the administrative officer use correct contract forms when awarding contracts.**
- 62. That the administrative officer review all lease files and complete any missing information.**
- 63. That the administrative officer obtain security clearances for all PSCs and that these clearance documents be filed in each PSC file.**
- 64. That the administrative officer obtain signed intelligence background information certifications from its PSCs and include them in each PSC file.**
- 65. That the administrative officer include copies of all evaluations in the PSCs' files.**
- 66. That the administrative officer obtain contractor release forms upon contract completions.**
- 67. That the country director and administrative officer work with the Office of Acquisitions and Contract Management to develop lease and personal services contracts that are one year contracts with option years.**

CREDIT CARDS

PURCHASE CARD

The card holders were not obtaining approval for purchases before they were made.

OFMH section 45.4 states:

No purchases should be made without prior approval of the Approving Official (the CD) as

evidenced by his/her signature in the Purchase Card Log.

During our interviews with the administrative officer, we found that approval for credit card purchases was not obtained prior to the card holder using the card for purchases.

Without the control of a pre-approval, the purchase cardholder could misuse the card.

RECOMMENDATION

We recommend:

68. That credit card holders obtain authorization from the authorizing official prior to making credit card purchases.

PERSONNEL MANAGEMENT

TIME AND ATTENDANCE ADMINISTRATION

Time cards were not maintained on a daily basis.

PCM section 742.6.1 states:

Each employee shall record time in pay or non-pay status on a daily basis. Each employee shall record the exact time of day of all absences from duty which are to be charged to leave unless the absence is for the whole day.

PCM section 742.6.3.11 states:

The ITCS (Individual Time Certification Sheet) must be signed by both the employee and his or her supervisor.

Staff did not complete time cards on a daily basis. At the end of each two-week pay period they completed and signed a time card from data that they copied from a sign in and out register maintained at each of the three office floor entries. The time cards were then turned into their supervisor.

By not maintaining their time cards on a daily basis, an accurate accounting may not be assured.

RECOMMENDATION

We recommend:

- 69. That staff complete their individual time cards on a daily basis for each pay period, sign them certifying their accuracy, and submit them to their supervisor.**

INFORMATION TECHNOLOGY SECURITY

INADEQUATE VIRUS PROTECTION

Computer virus protection may not be adequate

PCM section 542, Subsection H, 58.2 requires that system administrators keep anti-virus signatures [virus definitions] up to date, and to initiate a regular schedule (daily or nightly) for scanning viruses.

When we reviewed the scan history report created from the system, we could not determine if the computers at the sub-offices were being routinely scanned or if those computers were using the most up to date virus definitions.

According to the IT specialist, computers were scanned for viruses when they were turned on. However, our testing indicated that routine virus scanning did not appear to occur when individuals accessed their computers. Some computers were unscanned for days. In addition, none of the laptop computers were automatically scanned when they were connected to the network. We noted that the St. Lucia server, which was used to interconnect the local area network at the main office with the sub-offices at the other islands and Peace Corps/Washington was also not routinely scanned on a daily basis.

Antivirus software provided to the posts should scan all the computers each day using the most current virus definitions. If scans do not occur routinely, the accidental introduction of a virus could cause problems with the post's network and data may be corrupted and/or lost.

PROBLEMS WITH TAPE BACKUPS

Computer tape backups were not occurring successfully on a daily basis and a test of a back-up recovery failed.

PCM section 542, Subsection H, 58.2(a) requires that system administrators make regular back ups of data on their systems as a precaution against data loss.

**USER ACCOUNTS
WERE NOT TIMELY
DE-ACTIVATED OR
TERMINATED**

We obtained a system-generated report that showed the most recent backup history and found that the system was not successfully backed up on a daily basis as required. At least once a week during the first four weeks of February, the scheduled backup either did not occur or failed.

We requested that the IT specialist demonstrate to us how he recovered data from a backup tape. The IT specialist was unable to recover anything from the backup tape he selected. He then created a new backup file to demonstrate he could back-up information. He stated that the backup he was unable to complete must have been due to a tape or software problem rather than something he was doing wrong.

The IT specialist's inability to recover data from a backup tape indicates a serious problem; if the post relies on backup tapes for continuity of operations, they may not be able to access information stored on the filed backup tapes.

Former staff members' computer accounts remained active in the system for longer than a month.

PCM section 542.7.2.3(d) states:

The Program Managers (IT specialist) and Country Directors shall terminate the user's access to information and computer systems immediately, in the event the system user is separated.

We noted that five former staff user accounts remained active on the post's system. The IT specialist stated that he was instructed by PC/Washington to wait one month before terminating the accounts. In addition, he said that he could not remotely terminate accounts of staff located at the sub-offices and had to terminate those accounts when he was physically at the sub-office.

In addition, we found two computers still assigned to two employees who had departed from St. Lucia office more than a month prior to our visit. These computers were being used by other employees. The IT specialist explained that he could not terminate those names until the staff was gone for more than a month, per PC/Washington.

Also, during our review of the user accounts, we observed some account names that appeared to be unusual and believe

COMPUTER ACCESS

they would not be assigned to an individual, these account names were “SpamSpam” and “Test Remote.”

Not deactivating or terminating user accounts for individuals who are no longer employed could allow someone to access and use those accounts without authorization, in the same way as forgetting to collect the keys to an office when a staff member has departed.

PC/Eastern Caribbean network access varied extensively between the sub-offices and the main office.

PCM section 542.5.2 states:

Computer systems must be available for use in a timely fashion. Any denial of a system’s use or substantial delay in a system’s processing could adversely affect the ability of an individual, office, or program to conduct business.

During our interviews with staff and Volunteers regarding the strength of the IT support, we learned that the consistency of network access varied considerably from island to island. Nearly all the sub-offices lost network connections during our short visits, and one post was completely without internet access for over 30 days. The administrative assistant at that island said she had called the IT specialist to rectify the problem, but that he could not travel. One administrative assistant stated that the post kept advising her that they were sending her emails and expected her to reply to them, but she could not as she did not have internet capability.

We learned that the IT specialist, who was not a citizen of the Eastern Caribbean, could not readily fly from island to island because his visa had expired and his passport was unavailable.

The reliance on the IT specialist was very high throughout the islands, making the IT specialist a key part in the system’s stability. This position requires the specialist to effectively communicate and walk individuals through minor problems over the phone, or to be able to physically visit the problem site in a short period of time.

We also found that in the Eastern Caribbean internet use was complicated by the multiple internet service providers, and the different hardware and software. This makes communication framework more complex than one would encounter at a

typical post where the regulations within a country would influence more consistent protocols. However, those complications should not be an excuse for routine unexplained outages.

We also found that using the internet to communicate was a routine way for the staff to communicate with Volunteers, but that this requires a stable networking system.

RECOMMENDATIONS

We recommend:

- 70. That the IT specialist scan all computers, including laptops and sub-office computers, daily for computer viruses when connecting to the network.**
- 71. That the IT specialist monitor the version of antivirus definitions used at the sub-offices and ensure that the current version is being used.**
- 72. That the IT specialist identify and correct the cause for the system's inconsistency in creating a successful backup tape on a daily basis.**
- 73. That the IT specialist test the recovery of backup tapes on a periodic basis.**
- 74. That the IT specialist deactivate all user accounts and computers immediately when staff are no longer employed at the post and terminate the user access as soon as possible.**
- 75. That the country director request that the CIO send a staff person or team from the PC/Washington architecture group to work with the IT specialist for a period of time to help train, identify and resolve the interconnectivity weaknesses.**
- 76. That the country director ensure that the IT specialist be able to fly from island to island without delays.**

POST STAFFING

At the time of our visit, PC/Eastern Caribbean had 34 staff positions, two of which were vacant. The positions included two U.S. direct hire employees, ten foreign service nationals, and 22 personal services contractors. We interviewed 30 staff.

The Volunteers interviewed were overwhelmingly impressed with the present country director. They appreciated her openness and honesty.

Peace Corps/Eastern Caribbean Positions	Status
<i>St Lucia Offices</i>	
Country Director	USDH
Programming and Training Officer	USDH
Safety and Security Coordinator	PSC
Regional Training Manager	Vacant
Peace Corps Medical Officer	PSC
Regional Management Specialist/Assistant to the Country Director	PSC
Administrative Officer	FSN
Financial Assistant	FSN
IT Specialist	PSC
Cashier	FSN
General Services Assistant	PSC
Driver/Messenger	PSC
Office Attendant	PSC
Receptionist/Travel Assistant	PSC
Associate Peace Corps Director	PSC
Administrative Assistant [interim-cashier]	PSC
<i>St Kitts & Nevis Sub-Office</i>	
Associate Peace Corps Director	PSC
Peace Corps Medical Officer	PSC
Administrative Assistant [sub-cashier]	FSN
Office Attendant	PSC
<i>St Vincent & Grenadines Sub-Office</i>	
Associate Peace Corps Director [sub-cashier]	FSN
Peace Corps Medical Officer	PSC
Administrative Assistant	PSC
Driver/Messenger/Office Attendant	PSC
<i>Grenada Sub-Office</i>	
Associate Peace Corps Director	FSN
Administrative Assistant [sub-cashier]	FSN
Driver/Messenger/Office Attendant	PSC
<i>Dominica Sub-Office</i>	
Associate Peace Corps Director	FSN
Administrative Assistant [sub-cashier]	FSN
Driver/Messenger	PSC
Office Attendant	PSC
<i>Antigua Sub-office</i>	
Associate Peace Corps Director	Vacant
Administrative Assistant [sub-cashier]	FSN
Office Attendant	PSC

LIST OF RECOMMENDATIONS

WE RECOMMEND:

1. That the country director ensure that the cashier cage is modified to comply with the requirements of the PCM section 760.
2. That the cashier remove the cashier cage key from the common key storage box and maintain it in her possession.
3. That the country director, in consultation with Global Accounts Payable, develop an arrangement for storing the duplicate keys to the cash boxes, combination to the safe, and the extra set of keys to the cashier cage that will prevent access by a single person to the imprest fund (except for the cashier).
4. That the country director ensure that all cash, including EAP funds, is safeguarded as required by the Overseas Financial Management Handbook, including procuring safes with three-tumbler combination locks where they are absent.
5. That the administrative officer advise the principal cashier, alternate cashier, and sub-cashiers on the proper handling of cash collections.
6. That the country director and administrative officer work with the Office of Accounts Receivable and Cash Management to develop a method for obtaining USD currency.
7. That the country director ensure that all imprest fund verification reports submitted to the Office of Accounts Receivable and Cash Management and the U.S. Disbursing Officer report currencies held by the cashier accurately and separately.
8. That the sub-cashiers cease holding imprest funds in excess of \$2,500, unless authorization is received from the cashier liaison at PC/Washington.
9. That the administrative officer research alternative non-cash methods for routine payments in an effort to reduce the size of cash advances to sub-cashiers.
10. That the cashier ensure that advances issued to the alternate cashier(s) and sub-cashiers are verified monthly if the sum held is in excess of \$1,000 or quarterly if the sum is less than \$1,000 by the cashier's supervisor or a US direct hire under the guidance of the cashier.
11. That the cashier liquidate advances to the sub-cashiers and alternate cashiers annually in compliance with the Peace Corps Manual.
12. That the cashier in coordination with the country director request authorization for each sub-cashier to act as a sub-cashier.

13. That the cashier only advance sub-cashier funds to authorized sub-cashiers.
14. That the administrative officer cease acting as an alternate cashier.
15. That the cashier ensure that the Peace Corps “Interim Advance Form” available in Attachment C of PCM section 760 be used for all interim cash advances including those issued by sub-cashiers.
16. That the cashier use the forms recommended by the cashier liaison for performing cash counts and interim advances and attach them to the verifications when they are submitted to PC/Washington.
17. That the cashier ensure that sub-cashiers clear interim advances within five working days by reviewing sub-cashier weekly reimbursement request forms.
18. That the billing officer prepare and submit a bill of collection to the non-personal services contractor for the interim advance that was inappropriately advanced and that a collection be made.
19. That the cashier cease using a PSC as a sub-cashier in the St. Lucia sub-office.
20. That the cashier ensure that the sub-cashiers are maintaining a ledger of their transactions and that they review the ledger periodically during the monthly cash verification.
21. That the administrative officer ensure that a bill of collection is submitted to the APCD who approved the inappropriate expense for entertainment and that a collection be made.
22. That the administrative officer ensure that all future amounts accompanying the sub-cashier requests for replenishment that are rejected for reimbursement are appropriately handled in a timely manner, including billing approving officials for collection.
23. That the country director establish cashiering hours for the cashier and each sub-cashier and require that they be posted.
24. That the administrative officer advise the principal cashier, alternate cashier, and sub-cashiers in writing as to who is allowed to receive interim advances to prevent an inappropriate advance in the future.
25. That the country director ensure that the imprest fund obtains an unannounced annual verification as required, and maintains documentation to support that it has been done.

26. That the country director, administrative officer, and principal cashier ensure that imprest fund losses and overages are reported to the appropriate individuals as required including the OIG.
27. That the administrative officer establish and implement a systematic file system for all administrative files and grant files.
28. That the post conduct all required Volunteer settling-in allowance surveys.
29. That the administrative officer obtain a MOA from the banks handling the distribution of Volunteer living allowances or approval from the director of Global Accounts Payable if the bank will not provide a MOA.
30. That the post review bills of collection prior to staff and Volunteers departing the post at the end of their service.
31. That the billing officer receive all documentation of letters used for billings, and prepare a bill of collection based on Form PC-1566 using sequential numbering.
32. That the cashier not issue bills of collections in any form.
33. That the post issue bills of collection for each individual debt and receipts issued to each individual who clears their debt.
34. That the billing officer record all bills of collection in the billing log.
35. That cashiers and sub-cashiers only make collections for approved purposes.
36. That the cashiers and sub-cashiers retain receipts in their files for all collections processed by them.
37. That the country director obtain a written memorandum from each island state that includes the HCC amount they plan on contributing.
38. That the country director and administrative officer review all HCC proposed expenditures to assure that they meet the strict Peace Corps criteria before they are approved.
39. That the administrative officer develop a subsidiary ledger for each island state to account for all HCC income received, and record the expenditures against the island state's contributions.
40. That the region work with the Office of General Counsel to amend the country agreements for each island state to include specifics on tax exemptions.

41. That the country director assign a staff person to review the receipts and Volunteer accounting of grant funds when Volunteers finish their projects and submit a completion report.
42. That the administrative officer supervise the accounting of SPA funds to assure that proper procedures for grant refunds for unexpended funds are being used.
43. That the region and post work with the Office of AIDS Relief and the Office of the CFO to transfer the \$25,818.18 from the 2006 SPA line item to the PEPFAR expenditure line items by a journal entry and apply the \$4,995.42 collections to the proper SPA project.
44. That the country director develop and implement a policy based on the cost effectiveness of collecting for the non-official use of office phones.
45. That the post provide Volunteers/Trainees with receipts for items held by the post for them for safekeeping.
46. That the post issue written guidance on post custody of Trainee/Volunteer property that includes a statement explaining the \$750 liability limit and provide the Trainees/Volunteers with a copy of the policy.
47. That the administrative officer assign different staff to receive property, maintain the inventory records, and conduct the physical inventory to separate these responsibilities.
48. That the staff assigned to complete physical inventories complete a full inventory of all property within one month of receipt of this report.
49. That the staff assigned to maintain inventory records update all inventory records based on the full inventory.
50. That the administrative officer review all inventory records for accuracy prior to their being sent to the sub-offices.
51. That the IT specialist check all computer hard drives that are no longer in use, clean the hard drives, and certify that they are clean so the computers can be disposed of properly.
52. That the administrative officer sell or properly dispose of all obsolete property in all offices.
53. That the administrative officer assign a staff person that is knowledgeable on vehicle maintenance to administer the vehicle operations.

54. That the person assigned to administer the vehicle operations review all vehicle logs for completeness on a weekly basis.
55. That the administrative officer review all vehicle logs monthly to verify their accuracy and that they have been reviewed weekly.
56. That the administrative officer advise the country director of any discrepancies with any vehicle logs.
57. That the person assigned to administer the vehicle operations develop a system to ensure that all vehicle fire extinguishers are inspected annually, are securely mounted in vehicles, are suitable for vehicle use, and that staff using vehicles are trained in fire extinguisher use.
58. That the person assigned to administer the vehicles develop a list of safety equipment that should be in each vehicles and periodically check the vehicles to see that the safety equipment is in each vehicle.
59. That the country director instruct all staff that each individual is responsible for completing their own travel vouchers after completion of a trip and file them within five working days.
60. That the post comply with competition requirements for all procurements.
61. That the administrative officer use correct contract forms when issuing contracts.
62. That the administrative officer review all lease files and complete any missing information.
63. That the administrative officer obtain security clearances for all PSCs and that these clearance documents be filed in each PSC file.
64. That the administrative officer obtain signed intelligence background information certifications from its PSCs and include them in each PSC file.
65. That the administrative officer include copies of all evaluations in the PSCs' files.
66. That the administrative officer obtain contractor release forms upon contract completions.
67. That the country director and administrative officer work with the Office of Acquisitions and Contract Management to develop lease and personal services contracts that are one year contracts with option years.
68. That credit card holders obtain authorization from the authorizing official prior to making credit card purchases.

69. That staff complete their individual time cards on a daily basis for each pay period, sign them certifying their accuracy, and submit them to their supervisor.
70. That the IT specialist scan all computers, including laptops and sub-office computers, daily for computer viruses when connecting to the network.
71. That the IT specialist monitor the version of antivirus definitions used at the sub-offices and ensure that the current version is being used.
72. That the IT specialist identify and correct the cause for the system's inconsistency in creating a successful backup tape on a daily basis.
73. That the IT specialist test the recovery of backup tapes on a periodic basis.
74. That the IT specialist deactivate all user accounts and computers immediately when staff are no longer employed at the post and terminate the user access as soon as possible.
75. That the country director request that the CIO send a staff person or team from the PC/Washington architecture group to work with the IT specialist for a period of time to help train, identify and resolve the interconnectivity weaknesses.
76. That the country director ensure that the IT specialist be able to fly from island to island without delays.

APPENDIX A

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and comply with Peace Corps policies and federal regulations. Our audit conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. Our audits are conducted in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States.

The scope of this audit included fiscal years 2005, 2006, and the beginning of fiscal year 2007. In addition to conducting our audit activities at the main administrative office located in St Lucia, we visited each of the six sub-offices located on each of the island countries of St Lucia, St Vincent, St Kitts, Grenada, Antigua, and Dominica. We developed an audit guide for the sub-offices. We interviewed 30 of the 32 staff members assigned to Eastern Caribbean during our field work, including the country director, program training officer, administrative officer, all staff responsible for administrative support located on all islands, five associate Peace Corps directors, and two of the three medical officers. We also interviewed 22 Volunteers to obtain their views on the effectiveness of the post and sub-offices' administrative and financial processes supporting them. Before departing from the post, we briefed the country director and administrative officer. At headquarters, we conducted a general briefing for regional staff as well as focused briefings for individuals responsible for specific areas of concern.

We relied on computer-processed data from the post's accounting system. While we did not test the system's controls, we believe the information generated by the system and used by us was sufficiently reliable for our audit objective.

Our audit criteria were derived from the following sources: the Peace Corps Manual, the Overseas Financial Management Handbook, current Peace Corps initiatives and policies, and other federal regulations. All references to the Overseas Financial Management Handbook are based on the version issued January 9, 2007.

APPENDIX B

**REGION'S RESPONSE TO
THE PRELIMINARY REPORT**



Peace
Corps

MEMORANDUM

To: David Kotz, Inspector General

From: Allene Zanger, Regional Director, Inter-America and Pacific

Date: December 14, 2007

Subject: Preliminary Audit Report on Peace Corps/Eastern Caribbean

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Enclosed please find the Regional response to the recommendations made by the Inspector General for Peace Corps Eastern Caribbean, as outlined in the Preliminary Audit Report on Peace Corps Eastern Caribbean.

The Region concurs with 73 of 76 recommendations.

RESPONSES TO A PRELIMINARY REPORT
ON THE
INSPECTOR GENERAL'S
PRELIMINARY AUDIT REPORT ON
PEACE CORPS/EASTERN CARIBBEAN

December 14, 2007

1. That the country director ensure that the cashier cage is modified to comply with the requirements of the PCM section 760.

Concur: Peace Corps Eastern Caribbean currently leases two offices and one storage area on the island of Saint Lucia. This arrangement is not ideal from either an administrative efficiency or financial perspective and post is working to find alternative properties. If an alternative property is found, all staff will move to one location with an appropriate Cashier cage meeting the requirements of MS760. If an alternative location is not found all staff will be relocated to the current office and renovations done to expand the available space, including modifying/moving the Cashier cage to meet the requirements of MS760.

Date of completion: March 31, 2008. See attached documentation.

2. That the cashier remove the cashier cage key from the common key storage box and maintain it in her possession.

Concur: The Cashier has been instructed to keep cashier cage keys in her possession and are no longer stored in the common key storage box.

Date of completion: Completed, October 10, 2007. See attached documentation.

3. That the country director, in consultation with Global Accounts Payable, develop an arrangement for storing the duplicate keys to the cash boxes, combination to the safe, and the extra set of keys to the cashier cage that will prevent access by a single person to the imprest fund (except for the cashier).

Concur: Post has sought concurrence from Global Accounts Payable and the Office of Accounts Receivable and Cash Management for an alternative arrangement for storing duplicate keys and the safe combination. Under the proposal the Country Director would hold the safe combination and the Administrative Officer would hold the keys to the cash box. In addition, the RSO in Barbados will be provided with the safe combination and keys to ensure access to the imprest fund in case of emergency.

Date of Completion: Proposal for Country Director to hold the safe combination and the Administrative Officer to hold the keys to the cash box, completed October 25, 2007. See attached documentation. Safe combination and additional keys given to RSO, to be completed December 15, 2007.

4. That the country director ensure that all cash, including EAP funds, is safeguarded as required by the Overseas Financial Management Handbook, including procuring safes with three-tumbler combination locks where they are absent.

Concur: Four of five sub-cashier funds are safeguarded in equipment that meets agency requirements. Post is working to procure the necessary equipment to bring the last office into compliance.

Date of Completion: December 31, 2007.

5. That the administrative officer advise the principal cashier, alternate cashier, and sub-cashiers on the proper handling of cash collections.

Concur: Cashiers have been instructed that cash collections may not be sent through the mail. Sub-cashiers will reduce subsequent replenishment requests by the amount collected.

Date of Completion: Completed, October 10, 2007. See attached documentation.

6. That the country director and administrative officer work with the Office of Accounts Receivable and Cash Management to develop a method for obtaining USD currency.

Concur: Post does not have a need for USD accountability since they are no longer holding USD.

Date of Completion: Completed, October 10, 2007. See attached documentation.

7. That the country director ensure that all imprest fund verification reports submitted to the Office of Accounts Receivable and Cash Management and the U.S. Disbursing Officer report currencies held by the cashier accurately and separately.

Concur: No action needs to be taken since all cashiers have been instructed that they are not authorized to hold USD funds.

Date of Completion: Completed, October 10, 2007. See attached documentation.

8. That the sub-cashiers cease holding imprest funds in excess of \$2,500, unless authorization is received from the cashier liaison at PC/Washington.

Concur: Sub-cashiers have ceased holding imprest funds in excess of \$2,500.

Date of Completion: Completed, October 19, 2007. See attached documentation.

9. That the administrative officer research alternative non-cash methods for routine payments in an effort to reduce the size of cash advances to sub-cashiers.

Concur: Post now uses the purchase card for many routine payments including phone and electricity bills for some sub-offices. Post continues to search for ways to expand the use of the purchase and travel cards as well as LCU checks to reduce the number and amount of cash transactions. Post is also exploring a Volunteer travel allowance (paid with Living Allowance) in lieu of ongoing reimbursements.

Date of Completion: Ongoing. See attached documentation.

10. That the cashier ensure that advances issued to the alternate cashier(s) and sub-cashiers are verified monthly if the sum held is in excess of \$1,000 or quarterly if the

sum is less than \$1,000 by the cashier's supervisor or a US direct hire under the guidance of the cashier.

Concur: Post will obtain Cashier Verification (CVO) Designations for FSN APCDs on all islands except one where the APCD is a Personal Services Contractor. In the case of the PSC APCD, the Region will request approval to convert the PSC to FSN direct hire to allow a CVO designation. In the meantime appropriate direct hire staff from St. Lucia will assure quarterly verifications. With this designation the APCD will be able to perform the monthly verification required with the current advance level of \$2500 USD. Post continues to look for ways to reduce the imprest level that would allow for quarterly verifications.

Date of Completion: March 31, 2008.

11. That the cashier liquidate advances to the sub-cashiers and alternate cashiers annually in compliance with the Peace Corps Manual.

Concur: The cashier will liquidate advances to the sub-cashiers and alternate cashiers at the end of the fiscal year in compliance with the Peace Corps Manual.

Date of Completion: Completed, September 30, 2008.

12. That the cashier in coordination with the country director request authorization for each sub-cashier to act as a sub-cashier.

Concur: Sub cashier designations have been obtained for all post sub-cashiers.

Date of Completion: April 6, 2007. See attached documentation.

13. That the cashier only advance sub-cashier funds to authorized sub-cashiers.

Concur: Please see response to recommendations 12 and 19. On the island of St. Lucia where a main and sub-office are located, Volunteers travel almost exclusively to the sub-office where only an APCD and AA are located. So as not to require Volunteers to walk the 20 minutes to the main office for reimbursements, an interim advance is provided to the Administrative Assistant to make reimbursements for in-country travel and other routine payments. The office move/remodel will eliminate the need for this advance.

Date of completion: Completed, October 19, 2007. See attached documentation.

14. That the administrative officer cease acting as an alternate cashier.

Concur: The Administrative Officer has ceased to act as an alternate cashier.

Date of Completion: Completed, October 10, 2007. See attached documentation.

15. That the cashier ensure that the Peace Corps "Interim Advance Form" available in Attachment C of PCM section 760 be used for all interim cash advances including those issued by sub-cashiers.

Concur: The cashier has ensured that the Peace Corps “Interim Advance Form” available in Attachment C of PCM section 760 is being used for all interim cash advances including those issued by sub-cashiers.

Date of Completion: Completed, October 15, 2007. See attached documentation.

16. That the cashier use the forms recommended by the cashier liaison for performing cash counts and interim advances and attach them to the verifications when they are submitted to PC/Washington.

Concur: Post’s cashier is now using the required cash on hand and interim advance forms and submitting them as required to PC/Washington.

Date of Completion: Completed, June 8, 2007. See attached documentation.

17. That the cashier ensure that sub-cashiers clear interim advances within five working days by reviewing sub-cashier weekly reimbursement request forms.

Concur: Post has informed sub-cashiers of the requirement including required notification of overdue advances and follow-up by the head Cashier and Administrative Officer.

Date of Completion: November 26, 2007. See attached documentation.

18. That the billing officer prepare and submit a bill of collection to the non-personal services contractor for the interim advance that was inappropriately advanced and that a collection be made.

Concur: A travel voucher was submitted in order to account for this advance. Please see completed travel voucher.

Date of Completion: Completed, March 22, 2007. See attached documentation.

19. That the cashier cease using a PSC as a sub-cashier in the St. Lucia sub-office.

Concur: The PSC Administrative Assistant who was used as a sub-cashier now takes an interim advance each week and closes it each week. Please see documentation for Recommendation #13.

Date of Completion: Completed, October 19, 2007. See attached documentation.

20. That the cashier ensure that the sub-cashiers are maintaining a ledger of their transactions and that they review the ledger periodically during the monthly cash verification.

Concur: Post has developed a standard ledger template for use at all offices and will ensure its use through continual monitoring and internal requirements that the ledger be submitted with all monthly cash verifications.

Date of Completion: November 26, 2007. See attached documentation.

21. That the administrative officer ensure that a bill of collection is submitted to the APCD who approved the inappropriate expense for entertainment and that a collection be made.

Do Not Concur: It is appropriate to include cross-cultural activities, including musical, theatrical, or dance presentations, during pre-service and in-service trainings and swearing-in ceremonies. The expense in question involved a musical/dance presentation during a swearing-in ceremony for one of the six island nations which make up the Eastern Caribbean program. The payment was initially rejected by the Administrative Officer based on lack of sufficient documentation provided with the reimbursement request. Sufficient documentation was subsequently provided and the payment approved. Post has provided additional guidance to sub-office staff to ensure that all requests for payment and reimbursement include adequate documentation to justify payments.

22. That the administrative officer ensure that all future amounts accompanying the sub-cashier requests for replenishment that are rejected for reimbursement are appropriately handled in a timely manner, including billing approving officials for collection.

Concur: Post has implemented a process for rejected payments including timelines for notification to debtor, appeal, billing, and collection.

Date of Completion: Completed, October 10, 2007. See attached documentation.

23. That the country director establish cashiering hours for the cashier and each sub-cashier and require that they be posted.

Concur: Post has established and posted cashier hours for all offices and sub-offices.

Date of Completion: Completed, October 10, 2007. See attached documentation.

24. That the administrative officer advise the principal cashier, alternate cashier, and sub-cashiers in writing as to who is allowed to receive interim advances to prevent an inappropriate advance in the future.

Concur: Cashiers have been provided written guidance to ensure that only authorized individuals are issued interim advances.

Date of Completion: Completed October 16, 2007. See attached documentation.

25. That the country director ensure that the imprest fund obtains an unannounced annual verification as required, and maintains documentation to support that it has been done.

Concur: Post has requested that Barbados based embassy consular staff conduct required annual verification on their next visit to provide American Citizen Services and they have agreed to do so.

Date of Completion: March 31, 2008

26. That the country director, administrative officer, and principal cashier ensure that imprest fund losses and overages are reported to the appropriate individuals as required including the OIG.

Concur: Post has issued written guidance which outlines the requirements and process for reporting imprest fund losses and overages.

Date of Completion: Completed, October 16, 2007. See attached documentation.

27. That the administrative officer establish and implement a systematic file system for all administrative files and grant files.

Concur: Post completed a comprehensive review of the administrative filing system in use to ensure that documentation is complete and can be quickly located when required.

Date of Completion: November 20, 2007. See attached documentation.

28. That the post conduct all required Volunteer settling-in allowance surveys.

Concur: Post has sent the settling-in allowance template and guidance to Volunteers who swore in on September 20, 2007.

Date of Completion: December 31, 2007. See attached documentation.

29. That the administrative officer obtain a MOA from the banks handling the distribution of Volunteer living allowances or approval from the director of Global Accounts Payable if the bank will not provide a MOA.

Concur: Post has obtained MOUs from banks handling the distribution of Volunteer Living Allowances.

Date of Completion: Completed, September 29, 2007. See attached documentation.

30. That the post review bills of collection prior to staff and Volunteers departing the post at the end of their service.

Concur: Post now requires a review of bills of collection for full-time and PSC staff and PCVs are part of mandatory departure checklists.

Date of Completion: November 26, 2007. See attached documentation.

31. That the billing officer receive all documentation of letters used for billings, and prepare a bill of collection based on Form PC-1566 using sequential numbering.

Concur: Post has developed comprehensive billing and collections procedures which include guidance on Billing Officer responsibilities including review of documentation of a debt owed and the preparation of bills of collection based on Form PC-1566 using sequential numbering.

Date of Completion: October 10, 2007. See attached documentation.

32. That the cashier not issue bills of collections in any form.

Concur: Post has developed comprehensive billing and collections procedures which include guidance on Billing and Collection Officer responsibilities, including that the Cashier may not issue bills of collection.

Date of Completion: October 10, 2007. See attached documentation.

33. That the post issue bills of collection for each individual debt and receipts issued to each individual who clears their debt.

Concur: Post has developed comprehensive billing and collections procedures including guidance that a bill of collection must be issued for each individual debt and a receipt issued to each debtor who clears his/her debt.

Date of Completion: October 10, 2007. See attached documentation.

34. That the billing officer record all bills of collection in the billing log.

Concur: Post has developed comprehensive billing and collections procedures which include guidance on Billing Officer responsibilities including the requirement that the billing officer record all bills of collection in the billing log.

Date of Completion: October 10, 2007. See attached documentation.

35. That cashiers and sub-cashiers only make collections for approved purposes.

Concur: Post has developed comprehensive billing and collections procedures which include guidance on Billing Officer responsibilities including ensuring documentation of validity of debts owed and issuance of bills of collection and receipts.

Date of Completion: October 10, 2007. See attached documentation.

36. That the cashiers and sub-cashiers retain receipts in their files for all collections processed by them.

Concur: Post has developed comprehensive billing and collections procedures which include guidance on issuance and maintenance of copies of receipts by cashiers and sub-cashiers.

Date of Completion: October 10, 2007. See attached documentation.

37. That the country director obtain a written memorandum from each island state that includes the HCC amount they plan on contributing.

Do Not Concur: The current country agreements in the EC (as well as the Peace Corps standard country agreement) only stipulate a theoretical willingness to provide host country

contributions to Peace Corps. All six sovereign nations provide contributions. Three of the sovereign nations have chosen to provide cash. Since the Peace Corps is not a fee for service enterprise, it would be a political/diplomatic decision whether to insist on contributions or to open negotiations on the amount to be paid.

Moreover, in the judgment of post and the region, the risk of opening up negotiations for a written agreement on the amount of HCCs at this time outweighs the issues arising from maintaining current practice. The reason why the rate of EC\$ 100 was set for three countries is lost in the history of the post, but the practice of collection of that amount is a precedent that management deems unwise to disturb at this time. At a future date, diplomatic opportunities may present themselves to open negotiations on the amount of future HCCs. Timing of potential discussions will be determined by the Country Director in conjunction with the office of the General Counsel and the US Embassy, if appropriate. Until that time post will continue its current practice of billing the three countries that have demonstrated a willingness to pay.

38. That the country director and administrative officer review all HCC proposed expenditures to assure that they meet the strict Peace Corps criteria before they are approved.

Concur: The IAP region has developed guidance for its posts to assure that all HCC funds are used in compliance with Peace Corps criteria prior to expenditure. The CD and AO will review all proposed HCC expenditures to assure that they remain in compliance with PCMS 722 and IAP regional guidance.

Date of Completion: Completed, December 7, 2007. See attached documentation.

39. That the administrative officer develop a subsidiary ledger for each island state to account for all HCC income received, and record the expenditures against the island state's contributions.

Concur: Post has developed and implemented a subsidiary ledger for each island state that will allow reconciliation of HCC funds received from individual islands against expenditures charged against those funds.

Date of Completion: November 26, 2007. See attached documentation.

40. That the region work with the Office of General Counsel to amend the country agreements for each island state to include specifics on tax exemptions.

Concur: Following consultation with the Office of General Counsel, the Country Director is meeting with representatives of the host governments of the six countries that are part of the post to discuss amendments to the country agreements, including an amendment that would make clear that host country national staff are not exempt from any host country taxes on income. On July 11, 2007, the CD notified all post staff of the start of these efforts, and that individual staff members are responsible for payment of any applicable taxes.

Date of Completion: July 11, 2007. See attached documentation.

- 41. That the country director assign a staff person to review the receipts and Volunteer accounting of grant funds when Volunteers finish their projects and submit a completion report.**

Concur: Post has assigned primary responsibility to sub-office administrative assistants. The Financial Assistant has been assigned to perform an additional review after all documentation has been forwarded from sub-office locations. The Administrative Officer has been assigned to provide written guidance to all staff on proper accounting of grant funds.

Date of Completion: Completed, October 10, 2007. See attached documentation.

- 42. That the administrative officer supervise the accounting of SPA funds to assure that proper procedures for grant refunds for unexpended funds are being used.**

Concur: The Administrative Officer will review the work of the persons assigned in #41 and provide final signoff on project completion forms and departure checklists.

Date of Completion: March 31, 2008. See attached documentation for progress made thus far.

- 43. That the region and post work with the Office of AIDS Relief and the Office of the CFO to transfer the \$25,818.18 from the 2006 SPA line item to the PEPFAR expenditure line items by a journal entry and apply the \$4,995.42 collections to the proper SPA project.**

Do Not Concur: USAID in Barbados has confirmed that they are satisfied with the definition and execution of post's FY2006 funded HIV/AIDS small grant projects throughout the region. USAID has indicated that the projects carried out with these funds met the spirit of the funding that was provided and the needs of the communities where PC Volunteers serve. See attached documentation.

- 44. That the country director develop and implement a policy based on the cost effectiveness of collecting for the non-official use of office phones.**

Concur: Post will collect three months of personal phone usage of landline and cell phones and perform an analysis to determine the amount collected versus the time/resources required to obtain the information, perform the analysis, issues bills, and collect to determine whether or to what degree it is cost effective to collect for non-official use of Peace Corps phones.

Date of Completion: March 31, 2008.

- 45. That the post provide Volunteers/Trainees with receipts for items held by the post for them for safekeeping.**

Concur: Post will no longer hold Volunteer/Trainee property for safekeeping. All Volunteer/Trainee property has been returned.

Date of Completion: Completed, October 10, 2007. See attached documentation.

46. That the post issue written guidance on post custody of Trainee/Volunteer property that includes a statement explaining the \$750 liability limit and provide the Trainees/Volunteers with a copy of the policy.

Concur: Post will no longer hold Volunteer/Trainee property for safekeeping. All Volunteer/Trainee property has been returned.

Date of Completion: Completed, October 10, 2007. See attached documentation.

47. That the administrative officer assign different staff to receive property, maintain the inventory records, and conduct the physical inventory to separate these responsibilities.

Concur: Post will conduct a comprehensive review of property management at post. This will involve:

- Procedures for reporting purchases on all islands and entering the items into inventory.
- Guidance and procedures for proper property disposal and removing items from inventory.
- Assignment of different individuals for receiving items, maintaining inventory records, and conducting physical counts.
- Policy and procedures on what items will be included in internal inventory records

Date of Completion: March 31, 2008

48. That the staff assigned to complete physical inventories complete a full inventory of all property within one month of receipt of this report.

Concur: Post submitted the annual PPIR report to headquarters on October 22, 2007. Post will continue to work to further define separation of responsibilities and improve the processes for maintenance of inventory records

Date of Completion: Completed, October, 22, 2007. See attached documentation.

49. That the staff assigned to maintain inventory records update all inventory records based on the full inventory.

Concur: The staff person assigned will update all inventory records based on confirmed counts at all offices, residences, and storage units.

Date of Completion: April 30, 2008

50. That the administrative officer review all inventory records for accuracy prior to their being sent to the sub-offices.

Concur: The Administrative Officer will review all inventory records prior to forwarding to sub-offices, the Country Director, or any headquarters office.

Date of Completion: April 30, 2008.

51. That the IT specialist check all computer hard drives that are no longer in use, clean the hard drives, and certify that they are clean so the computers can be disposed of properly.

Concur: Following the identification of surplus inventory, the IT specialist will certify that the hard drives of the computers no longer in use have been cleaned so that they can be disposed of properly.

Date of Completion: April 30, 2008

52. That the administrative officer sell or properly dispose of all obsolete property in all offices.

Concur: Following the completion of the full inventory count (#48) post will dispose of all obsolete property according to applicable regulations.

Date of Completion: April 30, 2008

53. That the administrative officer assign a staff person that is knowledgeable on vehicle maintenance to administer the vehicle operations.

Concur: Post has begun a comprehensive review of vehicle operations to include:

- Review of vehicle log forms to ensure all required information is captured- Log form revision complete.
- Review of vehicle maintenance logs to ensure all required information is captured – Log form revision complete
- Review of fuel logs to ensure all required information is captured – Log form revision complete.
- Review of vehicle ceiling – In process
- Review of usage policies – In process
- Assignment of responsible staff members at main office and sub-offices – In process

Date of Completion: January 31, 2008. See attached documentation for progress made thus far.

54. That the person assigned to administer the vehicle operations review all vehicle logs for completeness on a weekly basis.

Concur: Post will require that vehicle logs are reviewed at the sub-office level and forwarded to the person assigned in Recommendation #53 for final review and signature.

Date of Completion: January 31, 2008. See attached documentation for progress made thus far.

55. That the administrative officer review all vehicle logs monthly to verify their accuracy and that they have been reviewed weekly.

Concur: The Administrative Officer will review all vehicle logs as required under Peace Corps regulations.

Date of Completion: January 31, 2008. See attached documentation for progress made thus far.

56. That the administrative officer advise the country director of any discrepancies with any vehicle logs.

Concur: The administrative officer will notify the country director of any discrepancies with any vehicle log.

Date of Completion: January 31, 2008. See attached documentation for progress made thus far.

57. That the person assigned to administer the vehicle operations develop a system to ensure that all vehicle fire extinguishers are inspected annually, are securely mounted in vehicles, are suitable for vehicle use, and that staff using vehicles are trained in fire extinguisher use.

Concur: Drivers, or if there is no driver, administrative assistants on each island nation will be responsible for ensuring that all vehicle fire extinguishers are inspected annually, are securely mounted in vehicles, and are suitable for vehicle use. The responsible persons will forward this information to the Safety and Security Coordinator (SSC) who will track compliance. The SSC will ensure that the staff using vehicles are trained in fire extinguisher use.

Date of completion: January 31, 2008. See attached documentation for progress made thus far.

58. That the person assigned to administer the vehicles develop a list of safety equipment that should be in each vehicles and periodically check the vehicles to see that the safety equipment is in each vehicle.

Concur: A checklist of safety equipment will be placed in each vehicle and signed off on monthly by the person responsible for vehicle operations on St. Lucia and the Administrative Assistants on each island. Sub-office checklists will be returned quarterly to the person responsible for vehicle operations on St. Lucia.

Date of Completion: January 31, 2008. See attached documentation for progress made thus far.

59. That the country director instruct all staff that each individual is responsible for completing their own travel vouchers after completion of a trip and file them within five working days.

Concur: All staff have been advised that each individual is responsible for completing his/her travel voucher and that it must be submitted within five working days following the completion of travel.

Date of Completion: Completed, October 10, 2007. See attached documentation.

60. That the post comply with competition requirements for all procurements.

Concur: Post will undertake a comprehensive review of post compliance with Peace Corps' procurement policy. The review will include measures to comply with specific regulations on large procurements but also how to promote competition to the maximum extent practicable on all island countries within the Eastern Caribbean program.

Date of Completion: March 31, 2008. See attached documentation for progress made thus far.

61. That the administrative officer use correct contract forms when issuing contracts.

Concur: The administrative officer will use the proper contract forms when issuing contracts, most of which expire on a calendar year schedule.

Date of Completion: January 31, 2008. See attached documentation for progress made thus far.

62. That the administrative officer review all lease files and complete any missing information.

Concur: The administrative officer will review all lease files and fill in any missing information.

Date of Completion: January 31, 2008

63. That the administrative officer obtain security clearances for all PSCs and that these clearance documents be filed in each PSC file.

Concur: Post has obtained written guidance from Barbados based Regional Security Officer on what information is required to be submitted in order for post to receive clearances for PSCs. Alternatively, post will obtain a written waiver indicating that the Regional Security Officer will not issue the clearances and post will implement alternative process based on local practice and seek concurrence from the Office of Safety and Security.

Date of Completion: December 3, 2007. See attached documentation.

64. That the administrative officer obtain signed intelligence background information certifications from its PSCs and include them in each PSC file.

Concur: Post will obtain signed intelligence background information certifications from its PSCs.

Date of Completion: December 31, 2007.

65. That the administrative officer include copies of all evaluations in the PSCs' files.

Concur: The administrative officer will ensure that copies of all annual PSC evaluations are included in PSC files.

Date of Completion: March 31, 2008

66. That the administrative officer obtain contractor release forms upon contract completions.

Concur: The administrative officer will ensure that the requirement for a signed contractor release form appears on the departure checklist and must be obtained prior to final payment.

Date of Completion: March 31, 2008. See attached documentation for progress made thus far.

67. That the country director and administrative officer work with the Office of Acquisitions and Contract Management to develop lease and personal services contracts that are one year contracts with option years.

Concur: Post will include option periods in Peace Corps PSC contracts expiring at the end of calendar year 2007. For lease contracts, post will attempt to negotiate the inclusion of option years in the agreements to the extent that the inclusion of option years is in the best interest of the U.S. government.

Date of Completion: January 15, 2008. See attached documentation for progress made thus far.

68. That credit card holders obtain authorization from the authorizing official prior to making credit card purchases.

Concur: Credit card holders now obtain the authorizing official's approval in writing prior to making any purchases with government issued credit cards.

Date of Completion: Completed, October, 2, 2007. See attached documentation.

69. That staff complete their individual time cards on a daily basis for each pay period, sign them certifying their accuracy, and submit them to their supervisor.

Concur: Post has advised all staff that each person is required to fill out their time worked on a daily basis and submit a complete, accurate, and signed timesheet to their supervisor on the first business day following the end of a pay period.

Date of Completion: Completed, October 10, 2007. See attached documentation.

70. That the IT specialist scan all computers, including laptops and sub-office computers, daily for computer viruses when connecting to the network.

Concur: The Eastern Caribbean is set up as independent offices. The main office and all 5 remote sites have independently managed servers or workstations that serve as remote servers. Anti-virus screening and update at each independent remote site is updated by the local server. Current approved Server, Desktop and Laptop configurations are set up to initiate and continuously scan, report, fix or quarantine viruses for removal at user log on. Each site server can only record the anti-virus activity of computers attached to that location.

Local ISP connectivity and other challenges may impact the ability of timely updates. Computers that are out of service or have been powered down may not be updated. All computers with approved Peace Corps configurations are currently updated accordingly.

Date of Completion: Completed, October 16, 2007. See attached documentation.

71. That the IT specialist monitor the version of antivirus definitions used at the sub-offices and ensure that the current version is being used.

Concur: The Eastern Caribbean is set up as independent offices. The main office and all 5 remote sites have independently managed servers or workstations that serve as remote servers. Anti-virus screening and update at each independent remote site is updated by the local server. Current approved Server, Desktop and Laptop configurations are set up to initiate and continuously scan, report, fix or quarantine viruses for removal at user log on. Each site server can only record the anti-virus activity of computers attached to that location.

Local ISP connectivity and other challenges may impact the ability of timely updates. Computers that are out of service or have been powered down may not be updated. All computers with approved Peace Corps configurations are currently updated accordingly.

Date of Completion: Completed, October 16, 2007. See attached documentation.

72. That the IT specialist identify and correct the cause for the system's inconsistency in creating a successful backup tape on a daily basis.

Concur: A review of the Eastern Caribbean backup infrastructure as of October 16, 2007 reveals no operational deficiencies. Backups at the main location are completing successfully and have been for sometime now. A test Restore initiated was also successful.

Date of Completion: Completed, October 16, 2007. See attached documentation.

73. That the IT specialist test the recovery of backup tapes on a periodic basis.

Concur: A review of the Eastern Caribbean backup infrastructure as of October 16, 2007 reveals no operational deficiencies. Backups at the main location are completing successfully and have been for sometime now. A test Restore initiated was also successful.

Date of Completion: Completed, October 16, 2007. See attached documentation.

74. That the IT specialist deactivate all user accounts and computers immediately when staff are no longer employed at the post and terminate the user access as soon as possible.

Concur: IT operations User Access Management guidance to all domestic and international IT Specialist requires immediate deactivation/deletion user accounts of persons separated from Peace Corps services when notified by authorized personnel. In the absence of an IT specialist or ability to effect a deactivation or deletion, Global Support is available within 24 hours to deactivate or delete user accounts. The IT specialist has been contacted and properly instructed on the approved procedures for handling off-boarding user. There will be no further training at this time and international operations will continue to monitor in collaboration with the Region and post.

Date of Completion: Completed, October 26, 2007. See attached documentation.

75. That the country director request that the CIO send a staff person or team from the PC/Washington architecture group to work with the IT specialist for a period of time to help train, identify and resolve the interconnectivity weaknesses.

Concur: Post is scheduled for comprehensive hardware replacement and platform changes in March 2008 and has requested that CIO staff that will arrive at post provide guidance on any interconnectivity issues. Interconnectivity issues are the result of multiple ISPs on multiple islands. CIO has confirmed that a review will be performed by technical staff who will visit post in FY08/FY09 as part of the refresh and recommendations will be submitted.

Date of Completion: Completed, October 24, 2007. See attached documentation.

76. That the country director ensure that the IT specialist be able to fly from island to island without delays.

Concur: The IT Specialist has obtained up to date official documents to enable travel to all islands as needed.

Date of Completion: Completed, October 10, 2007. See attached documentation.

APPENDIX C

OIG COMMENTS

The region concurred with 73 of the 76 recommendations and did not concur with the remaining three recommendations. We accept their non-concurrence to number 43. We closed recommendation numbers 2, 3, 5 – 7, 9, 12, 14 – 18, 22 –24, 26 – 36, 38, 41 – 43, 45, 46, 48, 59, 60, 68, 69, and 75. Recommendation numbers 1, 4, 8, 10, 11, 13, 19 – 21, 25, 37, 39, 40, 44, 47, 49 – 58, 61 – 67, 70 – 74, and 76 remain open pending confirmation from the chief compliance office that the following has been received:

- For recommendation number 1, photo confirmation of a secure St. Lucia office cashier cage.
- For recommendation number 4, documentation, such as a voucher, that provides proof a safe has been purchased.
- For recommendation number 8, a copy of the sub-cashier monthly statement of accountability from each island state. This should include the exchange.
- For recommendation number 10, documentation that sub-cashier advances are being verified monthly.
- For recommendation number 11, documentation that sub-cashier advances liquidated were liquidated on 9/30/07 and documentation that a system is in place to ensure that sub-cashier advances will be liquidated at the end of each fiscal year.
- For recommendation numbers 13 and 19, documentation that the PSC in St. Lucia has ceased receiving an advance that allows her to act as a sub-cashier. PCM section 760 7.1.3 states, “Peace Corps Trainees, Volunteers, or employees, with a properly executed procurement request, may receive an advance to make a cash purchase when it is more economical or expeditious than making the payment by U. S. Government check.” It is not for the practice of making an advance to reimburse Volunteers for purchases and expenses incurred.
- For recommendation number 20, a copy of each sub-cashier’s ledger that reflects all transactions that the sub-cashier has made. The documentation that was submitted only reflects the transactions that have not been cleared. It did not reflect advances as they were made (by date) or when they were cleared (by date). It also did not reflect when funds have been received from collections or from reimbursement vouchers.
- For recommendation number 21, a copy of the post’s documentation that supports this payment.

APPENDIX C

- For recommendation number 25, a copy of the annual imprest fund verification completed by someone other than Peace Corps/Eastern Caribbean staff.
- For recommendation number 37, documentation of what the post is using as a basis for host country contributions' Bills of Collection. Our original recommendation did not require that the Host Country Agreement include the language. We are requesting a written memorandum stating what each Island State plans on contributing. We will close this recommendation upon receiving this type of documentation.
- For recommendation number 39, a copy of each island's subsidiary ledger for HCC that also includes a column for HCC received.
- For recommendation number 40, a copy of a letter stating that each host country national staff member should pay their income taxes on earnings from Peace Corps.
- For recommendation number 44, a copy of the analysis and written decision of the country director regarding non-official use of office phone billings.
- For recommendation number 47, a copy of statements of work for the staff positions that are assigned each of these responsibilities.
- For recommendation number 49, a memorandum from the administrative officer certifying that the inventory records have been updated based on the full physical inventory.
- For recommendation number 50, a memorandum from the administrative officer certifying that the inventory records were reviewed before being distributed to sub-offices.
- For recommendation number 51, a joint memorandum from the IT specialist and the administrative officer certifying that computer hard drives have been cleaned prior to the disposal of excess computers.
- For recommendation number 52, a copy of receipts from sales of unused property or a copy of a disposal form.
- For recommendation number 53, the name of staff person(s) assigned to these responsibilities and a brief description of the person(s)'s experience in relationship to vehicle maintenance and operations.
- For recommendation numbers 54 and 55, copies of weekly logs for February 2008 for the St. Lucia vehicles.

APPENDIX C

- For recommendation number 56, a copy of a statement from the administrative officer stating his understanding of this responsibility.
- For recommendation number 57, documentation that the SSC has developed a system for: inspecting fire extinguishers, training staff in their use, reviewing each fire extinguisher for suitability, and verifying that they are securely mounted in each vehicle.
- For recommendation number 58, a copy of list of vehicle safety equipment.
- For recommendation number 61, copy of the non-personnel contract for the guard security contract.
- For recommendation number 62, documentation that the administrative officer has reviewed all lease files and that all missing required information is in each file.
- For recommendation number 63, documentation that police reports have been received for all PSCs and that a copy has been placed in each person's personnel file.
- For recommendation number 64, documentation that intelligence background information certifications have been received from all PSCs and that a copy has been placed in each persons personnel file.
- For recommendation number 65, documentation that the administrative officer has conducted a performance review of each PSC and that each PSC has their last evaluation filed in their individual file.
- For recommendation number 66, documentation that the administrative officer has obtained a contractor release from each PSC's last completed contract and that they are filed in their individual file.
- For recommendation number 67, a copy of five PSC contracts, selected by the administrative officer, that reflect that a contract with option years has been awarded.
- For recommendation number 70, documentation demonstrating that all computers, including those in all the sub-office locations, are scanned daily. The submitted documentation only supported a single day and location of virus scanning.
- For recommendation number 71, documentation showing the anti-virus definitions currently used. The submitted documentation did not demonstrate the version of antivirus definitions used.

APPENDIX C

- For recommendation number 72, documentation that the IT specialist can consistently create daily back up tapes on a daily basis. The submitted documentation was for a single occasion.
- For recommendation number 73, documentation that the IT specialist is testing the recovery on a periodic basis.
- For recommendation number 74, documentation that reflects that computer user accounts are only assigned to current employees. The submitted documentation had no date. It also listed computer user accounts for individuals whose employment had been terminated.
- For recommendation number 76, a copy of the IT specialist's passport and/or visas for each of the post's island states.

In their response, the region describes actions they are taking or intend to take to address the issues that prompted each of our recommendations. We wish to note that in closing recommendations, we are not certifying that they have taken these actions nor that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities. However, when we feel it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

APPENDIX D

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

The audit was performed by senior auditor Letty J. Collins and technical audit manager Camilla Barror.

OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please e-mail Gerald P. Montoya, Assistant Inspector General for Audit, at gmontoya@peacecorps.gov, or call him at (202) 692-2907.

REPORT FRAUD, WASTE, ABUSE, AND MISMANAGEMENT

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